

FILED

MAR 16 2007

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF SOUTHERN INDIANA GAS AND ELECTRIC)
COMPANY d/b/a VECTREN ENERGY DELIVERY OF)
INDIANA, INC. ("VECTREN SOUTH-GAS") FOR (1))
AUTHORITY TO INCREASE ITS RATES AND CHARGES)
FOR GAS UTILITY SERVICE; (2) APPROVAL OF NEW)
SCHEDULES OF RATES AND CHARGES APPLICABLE)
THERETO; (3) AUTHORITY, TO THE EXTENT NECESSARY)
AS AN ALTERNATIVE REGULATORY PLAN, TO RECOVER)
ITS UNACCOUNTED FOR GAS COSTS AND THE GAS)
COST COMPONENT OF ITS BAD DEBT EXPENSE IN ITS)
GAS COST ADJUSTMENT FILINGS; (4) APPROVAL OF A)
DISTRIBUTION REPLACEMENT ADJUSTMENT TO)
RECOVER THE COSTS OF A PROGRAM FOR THE)
ACCELERATED REPLACEMENT OF CAST IRON MAINS)
AND BARE STEEL MAINS AND SERVICE LINES; (5))
APPROVAL OF THE IMPLEMENTATION OF THE SALES)
RECONCILIATION COMPONENT OF THE ENERGY)
EFFICIENCY RIDER PROPOSED IN CAUSE NOS. 42943)
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CHANGES TO ITS TARIFF FOR GAS SERVICE, INCLUDING)
INCREASES IN CERTAIN NON-RECURRING CHARGES.)

CAUSE NO. 43112

Supplemental Testimony and Exhibits
of
SOUTHERN INDIANA GAS AND ELECTRIC COMPANY
d/b/a VECTREN ENERGY DELIVERY OF INDIANA, INC.
(VECTREN SOUTH - GAS)

In Support of the Stipulation and Settlement

JA Benkert, MS Hardwick, SE Albertson

March 16, 2007

**Vectren South - Gas Rate Case
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SOUTHERN INDIANA GAS AND ELECTRIC COMPANY
d/b/a VECTREN ENERGY DELIVERY OF INDIANA, INC.
(VECTREN SOUTH-GAS)

IURC CAUSE NO. 43112

SUPPLEMENTAL TESTIMONY

OF

JEROME A. BENKERT, JR.

EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

ON

STIPULATION AND SETTLEMENT AGREEMENT

SPONSORING PETITIONER'S EXHIBITS JAB-1S and JAB-2S

SUPPLEMENTAL TESTIMONY OF JEROME A. BENKERT, JR.
ON STIPULATION AND SETTLEMENT AGREEMENT

1 **Q. Please state your name and business address.**

2 A. My name is Jerome A. Benkert, Jr. My business address is One Vectren Square,
3 Evansville, Indiana 47708.
4

5 **Q. What is your position with Petitioner Southern Indiana Gas and Electric,**
6 **Inc. d/b/a Vectren Energy Delivery, Inc. ("Vectren South" or "Company")?**

7 A. I am Executive Vice President and Chief Financial Officer.
8

9 **Q. Have you previously submitted direct and rebuttal testimony in this Cause?**

10 A. Yes.
11

12 **Q. What is the purpose of this supplemental testimony?**

13 A. The purpose of this supplemental testimony is to identify and discuss the
14 Stipulation and Settlement Agreement ("Settlement") entered into by Vectren
15 South and the Indiana Office of Utility Consumer Counselor ("OUCC") that we
16 request the Commission approve as a resolution of all issues in this proceeding.
17 A copy of the Settlement is attached to this testimony and identified as
18 Petitioner's Exhibit JAB-2S. Approval of the Settlement is in the public interest
19 and supported by the evidence.
20

21 **Q. How did the Settlement come about?**

22 A. The parties, including their counsel and technical experts, engaged in a series of
23 meetings, discussions and information exchanges about the rate case over a
24 period of several months. After good faith efforts, including scrutiny of the
25 evidence submitted by the various parties and the give and take of settlement
26 negotiations, the parties were able to reach agreement on the Settlement which
27 is a reasonable resolution of this proceeding and a means to avoid further
28 litigation.
29

30 **Q. What effect would the Settlement have on Vectren South's basic rates and**
31 **charges?**

1 A. The Settlement provides that rates shall be designed to produce additional
2 annual revenues of \$5,334,907, representing an overall revenue increase of
3 3.4%, on an approximate across-the-board gross margin basis. This is a
4 substantial reduction to Vectren South's original request in this proceeding for a
5 rate increase of 6.7% or \$10.4 million per year. Some of the difference is
6 attributable to the removal from base rates of bad debt related gas costs and the
7 cost of unaccounted for gas. Pursuant to the Settlement, these costs will be
8 tracked in Vectren South's gas cost adjustment ("GCA") filings.

9
10 **Q. How was the amount of the increase provided for in the Settlement**
11 **determined?**

12 A. Mr. Hardwick's supplemental testimony will discuss how the revenue and
13 expense adjustments to the test year financial results were determined. Ms.
14 Hardwick will also will discuss the agreed-upon original cost rate base and capital
15 structure. As indicated in Ms. Hardwick's supplemental testimony, these
16 amounts are all directly grounded in the prefiled evidence of the parties and
17 represent a negotiated result. As shown on Appendix A of the Settlement, page
18 3 of 3, the agreed-upon revenue requirement represents a 7.20% rate of return
19 on the original cost rate base. As shown on Appendix B, page 2 of 2, this rate of
20 return includes a return on common equity ("ROE") of 10.15%. While this ROE is
21 less than what Vectren South would consider acceptable without a Settlement,
22 the Company has agreed to it in a spirit of compromise, to achieve rate relief
23 sooner than would otherwise be the case and because of other terms in the
24 Settlement.

25
26 **Q. What are the other important terms of the Settlement?**

27 A. The OUCC and the Company dedicated significant time and effort to thoroughly
28 understand the challenges facing the Company in particular and the industry in
29 general, including the aging workforce issue and the unpredictability of bad debt
30 expense caused by gas cost volatility. For certain issues such as bad debt
31 expense and unaccounted for gas, policy considerations have been discussed by
32 the OUCC and the Company in depth for well over a year. That exchange of
33 ideas contributed to the ability of the parties to reach an agreement in this

1 proceeding. As discussed in Mr. Albertson's testimony, the Settlement provides
2 for recovery of these costs (within certain limits) in the GCA instead of base
3 rates. The parties also agreed to a Distribution Replacement Program which is
4 discussed in Ms. Hardwick's supplemental testimony and modifications to
5 Vectren South's existing Pipeline Safety Adjustment ("PSA") which are discussed
6 in Mr. Albertson's supplemental testimony. The agreed settlement approach to
7 treatment of the Distribution Replacement Program is supportive of moving
8 ahead though it represents more of a middle ground approach relative to the
9 Vectren South's initial request of timely cash recovery of costs and return on the
10 investment. It would be difficult for Vectren South to proceed with this enhanced
11 program without at least the accounting treatment for the program costs provided
12 for in the Settlement. The GCA and PSA changes are subject to further review at
13 specified times in the future. In response to customer concerns expressed at the
14 field hearing, the Settlement provides for additional bill payment site options and
15 expanded opportunity for face-to-face communications between customers and
16 the Company. Mr. Albertson will testify regarding the agreed-upon revisions to
17 the Gas Tariff. Vectren South has also agreed to withdraw its proposed ROE
18 earnings test and continue to use the existing statutory net operating income test
19 and earnings bank calculations in its GCA proceedings.
20

21 **Q. The Settlement provides that the parties request that prompt approval of**
22 **the Settlement be seriously considered and acted upon. How important is**
23 **this provision?**

24 **A.** This is a critical term from Vectren South's standpoint. Vectren South has
25 agreed to a much smaller increase than originally proposed, has withdrawn its
26 ROE test proposal and modified other proposals in ways that are
27 disadvantageous to the Company. A significant motivation for the Company to
28 agree to the Settlement is its expectation that the Settlement will lead to prompt
29 authorization of the agreed-upon rate increase, as has been the case in other
30 Vectren Energy rate proceedings that were resolved by Settlement. Vectren
31 Energy is a strong proponent of resolving rate proceedings amicably by
32 settlement if at all possible. Prompt approval of reasonable settlement

1 agreements, like the one proposed herein, is essential to the vitality of the
2 settlement process as an alternative to protracted and expensive litigation.
3

4 **Q. On February 7, 2007, Vectren South filed a Stipulation and Settlement**
5 **Agreement with Alcoa, Inc. ("Alcoa Settlement"). What is the relationship**
6 **between the Alcoa Settlement and the Company's Settlement with the**
7 **OUCC?**

8 **A.** They are separate agreements but Vectren South requests that the Commission
9 approve the Alcoa Settlement at the same time as it approves the Settlement
10 with the OUCC. The two settlements are related in that this Settlement does
11 adjust revenue to reflect the new contract with Alcoa.
12

13 **Q. Does this conclude your supplemental testimony on the Settlement?**

14 **A.** Yes, it does.

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INDIANA UTILITY
REGULATORY COMMISSION

CAUSE NO. 43112

STIPULATION AND SETTLEMENT

The Indiana Office of Utility Consumer Counselor ("OUCC"), Intervenor AK Steel, Inc. ("AK"), and Vectren Energy Delivery of Indiana, Inc., a/k/a Southern Indiana Gas and Electric Company, Inc. ("Company" or "Vectren South") (collectively, the "parties"), in the interest of efficiency and in order to consider a number of policy

issues raised in the Company's testimony, have devoted significant time to the review of data and discussion of issues, have succeeded in reaching agreement on all issues in this proceeding and therefore stipulate and agree to the terms and conditions set forth below.

In this proceeding, this Stipulation follows the initial hearing on Vectren South's Case-In-Chief, the OUCC's and AK's filing of testimony in response to the Company's case, and the Company's filing of rebuttal testimony. Those filings framed the discussions between the parties, and formed the basis for the parties' agreement on the terms reflected in the Stipulation. As set forth in Appendices A, B and C, the parties have negotiated terms that resolve all issues related to the revenue requirement and rate design. Specifically, as to pro forma adjustments to the test year proposed in this case, with few exceptions the agreed upon adjustments either reflect the testimonial rebuttal position of the Company or the testimonial position of the OUCC, and thus are founded upon documented positions that are in the record in this proceeding. The parties have agreed that the OUCC's and AK's responsive testimonies, and the Company's rebuttal testimony will be submitted into the record in support of this Stipulation.

The terms of the Stipulation are as follows:

1. Rate Increase.

Vectren South shall be authorized to increase its basic rates and charges (collectively "rates") for gas utility service. The rates shall be designed to produce additional annual revenues of \$5,334,907 representing an overall

revenue increase of approximately 3.4%. These rates reflect allocation of the revenue increase among all rate classes on an approximate across-the-board, gross margin basis (revenue less gas cost). Rates for residential sales service have been determined by increasing the monthly customer facilities charge from \$10.75 to \$11.00 and allocating the remaining revenue increase to the block rates on an equal per therm basis.

The agreed-upon rate increase reflects the following original cost rate base, cost of capital and financial results (See Appendices A & B) which the parties agree are reasonable for purposes of compromise and settlement:

Rate Base as of October 31, 2006

Utility Plant in Service	\$195,820,638
Less: Accumulated Depreciation	<u>82,745,039</u>
Net Utility Plant	113,075,599
Materials and Supplies	1,046,526
Gas in Underground Storage	<u>7,546,757</u>
	<u><u>\$121,668,882</u></u>

Capital Structure as of March 31, 2006

	Amount	Weight	Cost	Weighted Cost
Common Equity	\$549,805,000	47.05%	10.15%	4.78%
Long Term Debt	451,347,000	38.65%	6.04%	2.33%
Customer Deposits	5,601,000	0.48%	5.39%	0.03%
Cost Free Capital	152,477,000	13.06%	0.00%	0.00%
Post 1970 JDITC	<u>8,920,000</u>	<u>0.76%</u>	<u>8.30%</u>	<u>0.06%</u>
	\$1,167,853,000	100.00%		7.20%

Pro Forma Proposed Rates

Revenue	\$160,234,558
Gas Cost	117,558,782
Gross Margin	<u>\$42,675,776</u>
O&M	\$20,992,861
Depreciation	5,544,105
Income Taxes	4,246,740
Other Taxes	<u>3,131,910</u>
Total Operating Expense	<u>\$33,915,616</u>
Net Operating Income	<u>\$8,760,160</u>

Authorized Return. Effective upon implementation of the rates, which shall be set forth in a revised Vectren South Tariff for Gas Service, I.U.R.C. No. G-11, ("Tariff") described hereafter and submitted with the testimony filed in support of the Settlement, Company's authorized return for purposes of the earnings test component of the gas cost adjustment (Ind. Code §§ 8-1-2-42(g)(3)(C) and -42.3) shall be \$8,760,160. (See Appendix A, page 3 of 3). This represents a return of approximately 7.20% on an original cost rate base of \$121,668,882. The parties agree, solely for purposes of settlement and compromise, that this represents a reasonable return on the Company's investment in used and useful property, plant and equipment.

Depreciation Rates. Vectren South's current depreciation rates, as originally authorized in Cause No. 39593, and again authorized in Cause No. 40283, shall remain in effect.

2. Pro Forma Adjustments.

All of the agreed upon adjustments are set forth in Appendix C. The OUCC filed testimony contesting a number of the Company's proposed adjustments. The

Company responded in its rebuttal filing. All material issues related to pro forma adjustments that have been resolved in this Stipulation are separately discussed in this section with a reference to the adjustment numbers used in the original direct testimony of Company witness M. Susan Hardwick to allow for review of the filed testimony on these issues, which are also reflected on Appendix C. As set forth below, the parties have agreed to remove the gas cost portion of bad debt expense and unaccounted for gas cost from base rates. These costs have been removed from the revenue requirement and base rates in the rate design process as seen on Appendix C, lines 15 and 33, and as explained further in Settlement Testimony.

Large Customer Revenue. (A04)

In its testimony, the OUCC made an adjustment to pro forma revenue based on disputed facts related to prospective usage by three large customers. On rebuttal, the Company agreed to the OUCC's adjustment with respect to retention of one of these customers, but provided further testimony regarding the reduced usage and revenue of the other two customers. The Company also reflected the revenue impact of the proposed special contract with ALCOA filed in this proceeding. That special contract reflects a negotiated agreement that provides discounted rates in order to avoid a system bypass.

The Stipulation adopts the Company's position on rebuttal which adjusts test year revenue by (\$258,414). As part of this agreement, the parties have agreed to accept the pro forma revenue adjustment related to the ALCOA contract. The

ALCOA Settlement, consisting of the special contract, has been submitted to the Commission for approval.

Pipeline Safety Act Costs. (A07, A18, A27)

In its case-in-chief the Company reflected in the base rate revenue requirement both revenues and expenses from its existing Pipeline Safety Adjustment ("PSA"), as well as the amortization and recovery of pipeline safety costs that have been deferred because they exceeded the annual cap applicable to the PSA. As reflected in both the OUCC's testimony and the Company's rebuttal testimony, consistent with the prior settlement agreement in the last Vectren South rate case, the PSA was to undergo a three year review in 2007. The parties have conducted such a review as part of this case and have agreed to (1) eliminate all pipeline safety costs and revenues from base rates (A07, A18 and A27), and (2) provide for the recovery of all deferred costs and prospective costs, subject to a negotiated cap, via the PSA. The modified PSA is described below.

Labor Adjustments. (A10, A11)

The Company adjusted test year long-term and short-term incentive compensation costs to reflect "target" levels of payouts to employees. Target is intended to reflect payment of market compensation to employees as part of their overall compensation. The amount of annual incentives will vary above or below target based on the achievement of pre-established metrics that are used to measure performance; this is why such compensation is deemed to be "at risk." The OUCC testimony reduced these incentive compensation adjustments to

reflect projected 2006 below target results under the incentive plans. The Company's rebuttal supported use of target levels for ratemaking purposes and for purposes of settlement the OUCC agreed to the pro forma adjustments.

Training Expense. (A14)

The OUCC's testimony eliminated a \$37,088 adjustment related to increased employee time spent in emergency response training. The Company's adjustment reflected an increase in employee time allocated to O&M versus capital projects. For purposes of settlement, the Company has agreed to eliminate the adjustment.

Additional Employees. (A15)

On rebuttal, the Company updated the adjustment to reflect only those additional employees that had been hired as of January, 2007 in response to the OUCC's position that this expense should be updated to reflect only actual hires. As shown in Appendix C, the resulting pro forma adjustment is \$135,362, and has been accepted as part of the Stipulation.

Aging Workforce. (A16)

The Company's case-in-chief included costs to hire fitter apprentices, incremental contractor labor to replace experienced retirees while apprentices are trained, training costs and Human Resources (HR) departmental costs to deal with increased levels of work related to incremental recruiting, training and other increased work requirements either directly or indirectly associated with

aging workforce issues. The OUCC's testimony agreed to certain apprenticeship and training costs, reduced the contractor costs, and eliminated all HR related costs. On rebuttal, the Company accepted most of the OUCC's reductions, but preserved certain HR costs as being required in the short term to address necessary work requirements. The parties have agreed to the Company's rebuttal position, a pro forma adjustment of \$189,994.

Distribution Maintenance. (A19)

The Company's case proposed a number of maintenance programs to improve its facilities and right of way maintenance activities. The OUCC's testimony supported most of these proposed new or expanded programs, but eliminated certain costs related to the programs that were perceived to be redundant with activities in the test year. On rebuttal, the Company agreed to reduce certain program costs, but further established the incremental nature of a majority of the disputed costs. The parties have agreed for purposes of settlement to adopt the Company's rebuttal position. The resulting pro forma adjustment is \$600,300. As part of this agreement, the Company shall submit annual detailed reports to the IURC and OUCC regarding the Company's regulator station maintenance program and right of way maintenance activities. These reports will be provided for informational purposes when the Company makes its annual PSA filings. These reports will address, among other things, the number of stations painted and costs incurred, and will also address the miles of right of way cleared and the costs of that activity. Such informational reports will differentiate incremental expenses for these activities from what has historically been spent in these

areas. Company officials will be available to answer questions or provide additional relevant information if requested by the Commission or OUCC.

Uncollectible Accounts Expense. (A20)

The Company's case-in-chief based its bad debt expense on a five year historic average percent of revenue (0.74%) while the OUCC proposed the use of a more recent three year historic average percent of revenue (0.60%). On rebuttal, the Company modified its position by recommending the use of 2006 actual results (0.70%).

The Stipulation reflects the parties' agreement on use of 0.65% which represents the average of the OUCC and Company positions. This percentage is also used as the fixed ratio for purposes of recovering gas costs relating to bad debt as discussed below. The resulting pro forma adjustment is (\$108,881) after removing the gas cost component from base rates since bad debt gas costs are to be recovered in the GCA as discussed below in section 5.

Property and Risk Insurance. (A28)

The Stipulation reflects agreement on the reduction in this expense due to a reduction in insurance premiums that occurred during the pendency of the case. The resulting pro forma adjustment is (\$194,936).

Claims Expense. (A29)

The OUCC's testimony reduced this expense to correct an error in a Company calculation and to reflect a 5 year amortization of a large claim in lieu of the Company's use of a 3 year amortization period. The Settlement adopts the OUCC testimonial position which results in a pro forma adjustment of (\$292,747).

Asset Management (AMT) Costs and Savings. (A32, A33)

The Company's case-in-chief reflected Asset Management Transformation (AMT) project implementation costs, as well as projected savings in 2007. In this initial time period, AMT costs exceeded the savings. The OUCC's testimony increased the savings attributable to AMT, and eliminated some of the proposed costs. The settlement reflects the agreement to eliminate both costs and savings from the case based on the fact that both projections, at this early stage of the project, are somewhat speculative.

Customer Service Costs. (New)

In response to concerns expressed at the public field hearing and following an extended collaboration between the Company and the OUCC, a number of customer payment method options and complaint handling options were considered. The OUCC and Company have agreed to implement three new customer service options: (1) the installation in the City of Evansville of a centrally located payment kiosk where, with no fee, customers can deposit cash payments in a programmed machine; (2) new payment sites in Evansville and Mt. Vernon where customers can pay gas bills at locations where water bill payments are currently collected; and, (3) dedication of 1-2 new employees who

will be trained to meet with customers to discuss complaints, thereby providing customers with the opportunity to engage in face to face communication with the Company. Vectren customers will be notified of these options through bill inserts. The cost of these new services, on an allocated basis to Vectren South Gas, is \$77,000. This becomes a new adjustment and is set forth on Appendix C, line 50.

Asset Charge. (A35)

As reflected in testimony, the parties have agreed on the calculation methodology used to determine this cost (see Pet. Ex. No. MSH-3, Adjustment 35). The calculation using the agreed upon 10.15% ROE has been performed and is reflected in Appendix C.

Income Taxes, IURT Taxes (A37, A38 and A39)

There are no differences between the parties on these items which have been determined based upon the settlement amounts in this case.

3. Return on Equity (ROE) Test.

The Company has agreed to withdraw its request to replace the statutory net operating income (NOI) Test with an ROE test. The existing statutory NOI test and earnings bank calculations shall be applicable to the Company.

4. Unaccounted For Gas Costs.

The Company will be authorized to recover in its Gas Cost Adjustment ("GCA") the actual cost of unaccounted for gas ("UAFG") volumes, up to a maximum UAFG percentage of 1.2% of volumes available on the Company's system, as reflected in the GCA. No UAFG costs will be included in base rates. This methodology removes the risk of over recovery of gas costs from sales customers, and ensures that customers are not at risk for increasing UAFG volumes. Transportation customers (including School Suppliers and Pool Operators) will continue to provide retained gas volumes to the Company subject to the terms and the percentage set forth in Appendix F of the Tariff.

UAFG costs will be estimated in the GCA at a level of 1.2%. The actual UAFG percentage will be determined annually, for the twelve months ending August 31. If the actual annual UAFG percentage is less than or equal to 1.2%, then all actual UAFG costs will be recoverable. If the actual annual UAFG percentage exceeds 1.2%, then UAFG costs recoverable will be determined as 1.2% of actual commodity costs incurred during the twelve month period. UAFG costs recovered and recoverable will be reconciled annually in the GCA which reconciles August gas costs. The OUCC and the Company will review this UAFG cost recovery methodology after (3) years. Either the OUCC or the Company may propose changes to the methodology at that time, which, if accepted by the Commission, would be effective prospectively.

5. Bad Debt Gas Costs.

The Company will be authorized to recover in its GCA the gas cost component of bad debt expense at a fixed bad debt ratio of 0.65%. No gas costs associated with bad debt expense will be included in base rates. The margin (i.e. non gas cost) component of bad debt expense will remain embedded in base rates at the same ratio of 0.65%. This methodology provides an incentive for the Company to continue to diligently manage its bad debt expense, while ensuring that customers pay bad debt gas costs at the fixed ratio of 0.65%.

Bad debt gas costs will be estimated in the GCA at a level of 0.65% of total (demand plus commodity, inclusive of UAFG) gas costs. In each quarterly GCA, actual recoverable gas costs (again, inclusive of demand, commodity and UAFG) will be multiplied by the fixed bad debt ratio of 0.65%, resulting in "recoverable bad debt gas costs". Actual bad debt gas cost recoveries and recoverable bad debt gas costs will be reconciled in each GCA. The OUCC and the Company will review this bad debt gas cost recovery methodology after three (3) years. The OUCC and/or the Company may propose changes to the methodology at that time, which, if accepted by the Commission, would be effective prospectively.

6. Pipeline Safety Adjustment.

The parties have agreed that the Company will be authorized to continue to recover incremental expenses caused by the requirements of the Pipeline Safety Improvement Act of 2002 via its PSA. The parties have reviewed the issues and have agreed that the terms of the PSA shall be modified as follows:

- a.) Deferred expenses eligible for inclusion in each annual PSA filing will be capped at one million dollars (\$1,000,000).
- b.) Incremental deferred expenses above the \$1.0 Million annual cap may be included in subsequent annual PSA filings, without carrying costs, up to the amount of the annual cap. Amounts above the cap will be deferred and be eligible for future rate case or PSA recovery.
- c.) Any deferred balance existing at March 31, 2007 will be amortized over a 3-year period within the PSA, without carrying costs. This amortized amount will be considered incremental to the \$1.0 Million annual cap (i.e. the amortized amount does not count toward expenses that are deferred in each 12-month period that may be recovered under the cap). The amortized amount will be removed from the PSA at the end of the 3-year period.
- d.) In each annual PSA filing, recoveries will be reconciled with recoverable costs. Recovery variances will be included in subsequent annual PSA filings. Such variances will also be considered incremental to the \$1.0 million annual cap (i.e. variances do not count toward expenses that may be recovered under the cap).
- e.) Rate schedule margins as updated in this Cause shall be used as the basis for allocating eligible deferred expenses in future annual PSA filings.
- f.) The PSA will continue through the annual PSA filing for the twelve months ended March 31, 2010. At that time, the parties will review the PSA to consider

the appropriateness of the annual cap, whether the PSA should continue, whether expenses have levelized sufficiently to be included in base rates, and any other related matters.

All other provisions of the Stipulation and Settlement Agreement, and Commission Order, in Cause No. 42596, as related to the PSA shall remain in effect. Vectren South's recovery of costs under this section of the Stipulation will be done on an interim, subject to refund basis, until both the OUCC and IURC have had a reasonable opportunity to review the results of the pending compliance review conducted by the Department of Transportation (DOT). A final report documenting the findings of this DOT review is anticipated in Spring 2007. To the extent that report makes findings regarding the reasonableness of the costs Vectren South has incurred to date to comply with the Pipeline Safety Improvement Act, the OUCC and the Company reserve their rights to file their respective positions on the impact on cost recovery with the Commission, after they have met and reviewed the report and have attempted to reach agreement on any cost recovery issues.

7. Distribution Replacement Program.

The parties have agreed that the Company shall be authorized to continue to accrue allowance for funds used during construction (AFUDC) and to defer the accrual of depreciation expense after the in-service date of distribution system infrastructure projects installed pursuant to Vectren South's accelerated bare steel and cast iron pipeline replacement program (Program) on the terms

described herein. Investments made pursuant to the Program shall be accounted for as separate, specifically described projects, following current project accounting practices at Vectren South. The amount of investments made that are eligible for post-in service AFUDC and deferred depreciation treatment (Accounting Treatment) shall be limited to \$3.0 Million per year. Prior to initiating the Program, the Company shall provide notice to the Commission and the OUCG of the date on which the Program will commence. The Accounting Treatment shall terminate for each project after three years from the project's in-service date, unless Vectren South has filed a base rate proceeding before the end of the specific project's three year Accounting Treatment period. If Vectren South does file a base rate proceeding by such date, the Accounting Treatment shall continue for those projects (and investments in any subsequent projects that are included in rate base in that proceeding) until the date of a final order in that proceeding. The AFUDC earnings from the Accounting Treatment will be treated as below-the-line income for purposes of the GCA earnings test consistent with normal accounting procedures for AFUDC. Vectren South will file with the Commission and serve on the OUCG annual informational reports regarding the status of the Program and the investments made pursuant thereto in conjunction with its annual PSA filings.

8. Tariff.

The Tariff for Gas Service, I.U.R.C. No. G-11, to be filed herein with the supporting Settlement Testimony, shall be approved, authorized, and accepted for filing by the Commission to be effective upon its approval by the Commission.

This Tariff shall replace the gas tariff of the Company currently on file with the Commission. The new Tariff, as filed in the Case-in-Chief, includes various provisions including the following:

- New Rate 145. A new Rate Schedule, Rate 145, General Transportation Service, applicable to any non-residential customer whose annual usage is greater than or equal to 50,000 therms and less than 500,000 therms, and having a maximum daily usage of less than 15,000 therms. These customers are currently served under Rate 120 as transportation customers.
- Rate 120 Contract Provisions. A new requirement that customers served under Rate 120, General Sales Service using more than 250,000 therms annually enter into a written contract which specifies customer's hourly and daily maximum gas requirements.
- Interim Supply Service. A new provision, under new Rate 145 and existing Rate 160, under which Company may provide Interim Supply Service in the event a customer is temporarily unable to obtain gas supply from a supplier or pool operator.
- Demand Allocators. Elimination of GCA demand allocators, resulting in the same GCA for Residential (Rate 110) and General (Rate 120) Sales customers.

- Other Charges. Increases to certain Other Charges in Appendix C, including:
 - Reconnect Charge (to \$55.00)
 - After Hours Charge (to \$45.00)
 - Insufficient Funds Check Charge (to \$25.00)
 - Fraudulent or Unapproved Use of Gas minimum charge (to \$65.00)
- Unaccounted For Gas Percentage. A change, in Appendix F, to reset the unaccounted for gas percentage applicable to transportation customers, school suppliers and pool operators to 1.2%.
- Energy Efficiency Rider. Implementation of the Sales Reconciliation Component, along with the Energy Efficiency Funding Component as filed in this proceeding.
- Economic Development Riders. Two (2) new economic development riders. Rider ED, Economic Development Rider, and Rider AD, Area Development Rider.
- Other Tariff Provisions. All other changes to the Tariff for Gas Service set forth in the agreed upon form of the tariff shall be approved and authorized.

9. Request for Prompt Approval by the Commission.

The parties acknowledge that a significant motivation for the Company to enter into the Settlement is the expectation that an order will be issued promptly by the Commission authorizing increases in its rates and charges. The parties have spent many months reviewing data and negotiating this Settlement in an effort to eliminate time consuming and costly litigation. The resulting Settlement has reduced the Company's filed request for a rate increase and modified its other requested cost recovery mechanisms. Under these circumstances, the parties ask that their request for prompt approval be seriously considered and acted upon.

10. Stipulation Effect, Scope and Approval.

The parties acknowledge and agree as follows:

(a) The Stipulation is conditioned upon and subject to its acceptance and approval by the Commission in its entirety without any change or condition that is unacceptable to any party. Each term of the Stipulation is in consideration and support of each and every other term.

(b) The Stipulation is the result of compromise in the settlement process and neither the making of the Stipulation nor any of its provisions shall constitute an admission or waiver by any party in any other proceeding. The Stipulation shall not be used as precedent in any other proceeding or for any other purpose except to the extent provided for herein or to the extent necessary to implement or enforce its terms.

(c) The evidence to be submitted in support of the Stipulation constitutes substantial evidence sufficient to support the Stipulation and provides an adequate evidentiary basis upon which the Commission can make any findings of fact and conclusions of law necessary for the approval of the Stipulation.

(d) The communications and discussions and materials produced and exchanged during the negotiation of the Stipulation relate to offers of settlement and shall be privileged and confidential.

(e) The undersigned represent and agreed that they are fully authorized to execute the Stipulation on behalf of their designated clients who will be bound thereby.

(f) The parties will either support or not oppose on rehearing, reconsideration and/or appeal, an IURC Order accepting and approving this stipulation in accordance with its terms.

ACCEPTED and AGREED this 15th day of March, 2007.

INDIANA OFFICE OF UTILITY
CONSUMER COUNSELOR

By: *Randall H. Heck*

VECTREN ENERGY DELIVERY OF
INDIANA, INC. a/k/a SOUTHERN
INDIANA GAS AND ELECTRIC
COMPANY

By: *Daniel W. McGill*

AK STEEL, INC.

By: _____

(c) The evidence to be submitted in support of the Stipulation constitutes substantial evidence sufficient to support the Stipulation and provides an adequate evidentiary basis upon which the Commission can make any findings of fact and conclusions of law necessary for the approval of the Stipulation.

(d) The communications and discussions and materials produced and exchanged during the negotiation of the Stipulation relate to offers of settlement and shall be privileged and confidential.

(e) The undersigned represent and agreed that they are fully authorized to execute the Stipulation on behalf of their designated clients who will be bound thereby.

(f) The parties will either support or not oppose on rehearing, reconsideration and/or appeal, an IURC Order accepting and approving this stipulation in accordance with its terms.

ACCEPTED and AGREED this 15th day of March, 2007.

INDIANA OFFICE OF UTILITY
CONSUMER COUNSELOR

VECTREN ENERGY DELIVERY OF
INDIANA, INC. a/k/a SOUTHERN
INDIANA GAS AND ELECTRIC
COMPANY

By: _____

By: _____

AK STEEL, INC.

By: *David P. Bodum*

VECTREN SOUTH
GAS TARIFF
ACTUAL AND PRO FORMA STATEMENT OF OPERATING INCOME
FOR THE TWELVE MONTH PERIOD ENDING MARCH 31, 2006

Line No.	Description	Actual Per Books	Pro Forma Adjustments Increases (Decreases)	Ref	Pro Forma Results Based on Current Rates	Pro Forma Adjustments Increases (Decreases)	Ref	Pro Forma Results Based on Proposed Rates
	A	B	C	D	E	F	G	H
<u>Operating Revenues</u>								
1	Gas Revenue	\$ 148,992,417			\$ 154,899,651	5,334,907	A41	160,234,558
2	Normal Weather		\$ 7,376,767	A01				
3	Annualized Days of Service		\$ (171,184)	A02				
4	Customer Count		\$ (129,238)	A03				
5	Large Customer Changes		\$ (258,414)	A04				
6	Customer Migration		\$ 1,702	A05				
7	Unbilled Revenue		\$ 456,911	A06				
8	Pipeline Safety Act Cost Recovery		\$ -	A07				
9	Cost of Gas		\$ (1,369,310)	A08				
10								
11	Total	\$ 148,992,417	\$ 5,907,234		\$ 154,899,651	5,334,907		160,234,558
12	Cost of Gas	112,708,759			\$ 117,558,782			117,558,782
13	Normal Weather		\$ 7,339,616	A01				
14	Annualized Days of Service		\$ (153,504)	A02				
15	Customer Count		\$ (120,862)	A03				
16	Cost of Gas		\$ (2,215,227)	A08				
17								
18		112,708,759	4,850,023		117,558,782	-		117,558,782
19	Gross Margin	\$ 36,283,658	\$ 1,057,211		\$ 37,340,869	\$ 5,334,907		\$ 42,675,776
<u>Operation and Maintenance Expenses</u>								
20	Operations and Maintenance Expenses	\$ 16,778,238			\$ 17,638,865			17,679,410
21	Labor and Labor Related Costs							
22	Labor Adjustments for Existing Headcount		\$ 143,755	A09				
23	Labor-Related Costs		\$ 187,046	A10				
24	Other Compensation		\$ 17,518	A11				
25	Pension Expense		\$ 47,152	A12				
26	Postretirement Medical Expense		\$ (69,653)	A13				
27	Training Expense		\$ -	A14				
28	Additional Employees		\$ 135,362	A15				
29	Aging Workforce Related Costs							
30	Aging Workforce		\$ 189,994	A16				
31	Operation and Maintenance Programs		\$ (316,500)	A17				
32	Manufactured Gas Plant Expense		\$ -	A18				
33	Pipeline Safety Act Costs		\$ 600,300	A19				
34	Distribution Maintenance		\$ (108,881)	A20				
35	Uncollectible Accounts Expense		\$ 24,066	A21				
36	Meter Reading Costs		\$ 118,466	A22				
37	Contact Center Costs		\$ 71,735	A23				
38	Sales and Marketing Costs		\$ 15,627	A24				
39	Miscellaneous Billing Costs		\$ 76,141	A25				
40	Information Technology Costs							
41	Amortization of Deferrals							
42	Rate Case Expense		\$ 43,615	A26				
43	Pipeline Safety Act Costs Amortization		\$ -	A27				
44	Other Costs/Adjustments							
45	Property and Risk Insurance		\$ (194,936)	A28				
46	Claims Expense		\$ (292,747)	A29				
47	Other Cost Reductions		\$ (33,227)	A30				
48	Changes in Cost Allocations		\$ 28,011	A31				
49	Asset Management Program Costs		\$ -	A32				
50	Asset Management Program Savings		\$ -	A33				
51	Pro Forma Level Uncollectible Accounts							
52	IURC Fee		\$ 100,784	A34		34,677	A42	
53	Customer Service Costs		\$ 77,000			5,868	A43	
54								
55		\$ 16,778,238	\$ 860,628		\$ 17,638,865	40,545		17,679,410
56	Asset Charge	3,306,657	\$ 6,793	A35	\$ 3,313,450			3,313,450
57	Total Operations and Maintenance	\$ 20,084,895	\$ 867,421		\$ 20,952,316	\$ 40,545		\$ 20,992,861

VECTREN SOUTH
GAS TARIFF
ACTUAL AND PRO FORMA STATEMENT OF OPERATING INCOME
FOR THE TWELVE MONTH PERIOD ENDING MARCH 31, 2006

Line No.	Description	Actual Per Books	Pro Forma Adjustments Increases (Decreases)	Ref	Pro Forma Results Based on Current Rates	Pro Forma Adjustments Increases (Decreases)	Ref	Pro Forma Results Based on Proposed Rates
	A	B	C	D	E	F	G	H
58	Depreciation and Amortization	\$ 5,351,597	\$ 192,508	A36	\$ 5,544,105			5,544,105
	Taxes							
59	Income Taxes (Federal and State)	\$ 2,417,982	\$ (436,917)	A37	\$ 2,127,341	450,021	A44	4,246,740
60			\$ 146,276	A38		1,669,378	A45	
61	Other Taxes (IURT and Property Tax)	3,043,990	\$ 126,118	A39	\$ 3,057,221	74,689	A46	3,131,910
62			\$ (112,887)	A40				
63	Total Taxes	\$ 5,461,972	\$ (277,410)		\$ 5,184,562	2,194,088		7,378,650
64	Total Operating Expenses	\$ 30,898,464	\$ 782,519		\$ 31,680,983	\$ 2,234,633		\$ 33,915,616
65	Net Operating Income	\$ 5,385,194	\$ 274,692		\$ 5,659,886	3,100,274		8,760,160

**VECTREN SOUTH
GAS TARIFF**
Calculation of Proposed Revenue Increase
Based on Pro Forma Operating Results
Original Cost Rate Base at October 31, 2006

Revenue Increase Based on Net Original Cost Rate Base

Line No.			
1	Net Original Cost Rate Base		\$ 121,668,882
2	Rate of Return		<u>7.20%</u>
3	Required Net Operating Income (Line 1 x Line 2)		8,760,160
4	Pro Forma Net Operating Income		<u>5,659,886</u>
5	Increase in Net Operating Income		3,100,274
6	Effective Incremental Revenue/NOI Conversion Factor		<u>58.1%</u>
7	Increase in Revenue Requirement (Based on Net Original Cost Rate Base) (Line 5/Line 6)		<u>\$ 5,334,907</u>
8	One	1.000000	
9	Less: IURC Fee	0.001100	
10	Less: Indiana Utility Receipts Tax	0.014000	
11	Less: Bad Debt	<u>0.006500</u>	
12	One Less Bad Debt, IURC Fee and IURT		0.978400
13	One	1.000000	
14	Less: IURC Fee	0.001100	
15	Less: Bad Debt	<u>0.006500</u>	
16	Taxable Adjusted Gross Income Tax	0.992400	
17	Adjusted Gross Income Tax Rate	<u>0.085000</u>	
18	Adjusted Gross Income Tax		<u>0.084354</u>
19	Line 12 less line 18		0.894046
20	One	1.000000	
21	Less: Federal Income Tax Rate	<u>0.350000</u>	
22	One Less Federal Income Tax Rate		<u>0.650000</u>
23	Effective Incremental Revenue/NOI Conversion Factor (line 19 times line 22)		<u>58.1%</u>

**VECTREN SOUTH
GAS TARIFF**
Statement of Gas Property
Original Cost Ratebase at October 31, 2006

Line Activity (FERC)			Gas Plant		As Adjusted Pro
No.	No.	Description	Per Books at	Adjustments and	Forma Rate Base at
			October 31, 2006	Eliminations	October 31, 2006
		<u>Utility Plant</u>			
1	101	In Service - Unitized	\$ 179,386,935	\$ -	\$ 179,386,935
2	105	Property Held for Future Use	-	-	-
3	106	Completed Const. Not Classified	16,433,703	-	16,433,703
4	107	Const. Work in Progress	2,130,805	(2,130,805)	-
5		Gross Utility Plant	\$ 197,951,443	\$ (2,130,805)	\$ 195,820,638
		<u>Accumulated Depreciation</u>			
6	108	Utility Plant	\$ (82,745,039)	\$ -	\$ (82,745,039)
7		Net Utility Plant (Line 5 + Line 6)	\$ 115,206,404	\$ (2,130,805)	\$ 113,075,599
		<u>Material & Supplies</u> ^(A)			
8	154	Utility Material & Supplies	\$ 701,872	\$ -	\$ 701,872
9	163	Stores Expense	344,654	-	344,654
10	164	Gas in Underground Storage	7,546,757	-	7,546,757
11		Total Material & Supplies	\$ 8,593,283	\$ -	\$ 8,593,283
12		Total Rate Base (Line 7 + Line 11)	\$ 123,799,687	\$ (2,130,805)	\$ 121,668,882

^(A) Based on a 13 month average ending 10/31/06.

**VECTREN SOUTH
GAS TARIFF**
Capital Structure and Cost of Capital
Twelve months ending March 31, 2006

Line No.	Type of Capital	Amount (\$000's)	Percent	Cost	WCOC
1	Long-Term Debt				
2	Publicly Held	\$ 228,165	19.54%		
3	Notes to VUHI	223,182	19.11%		
4	Total Long-Term Debt	\$ 451,347	38.65%	6.04%	2.33%
5	Common Equity				
6	Common Stock	\$ 273,263	23.40%		
7	Retained Earnings	274,999	23.55%		
8	Accumulated Comprehensive Income	1,246	0.11%		
9	Common Shareholder's Equity	\$ 549,508	47.05%	10.15%	4.78%
10	Investor Provided Capital	1,000,855	85.70%		7.11%
11	Customer Deposits	5,601	0.48%	5.39%	0.03%
12	Cost Free Capital:				
13	Deferred Income Taxes	\$ 138,730	11.88%		
14	Customer Advances for Construction	2,211	0.19%		
15	SFAS 106	11,536	0.99%		
16	Total Cost Free Capital	\$ 152,477	13.06%	0.00%	0.00%
17	Job Development Investment Tax Credit (Post-1971)	\$ 8,920	0.76%	8.30%	0.06%
18	Total Capitalization	\$ 1,167,853	100.00%		
19	Rate of Return				7.20%
Investor Provided Capital					
		Amount (\$000's)	Percent	Cost	WCOC
20	Long-Term Debt	\$ 451,347	45.10%	6.04%	2.72%
21	Common Equity	549,508	54.90%	10.15%	5.57%
22	Total Capitalization	\$ 1,000,855	100.00%		8.30%
Interest Synchronization					
			Percent	Cost	Weighted Cost
23	Long-term Debt		38.65%	6.04%	2.33%
24	Customer Deposits		0.48%	5.39%	0.03%
25	Interest Component of ITC		0.76%	6.04%	0.05%
26	Total				2.41%
27	Original Cost Rate Base			\$	121,668,882
28	Synchronized Interest Expense			\$	2,932,220

**VECTREN SOUTH
GAS TARIFF
SETTLEMENT SCHEDULE OF PRO FORMA ADJUSTMENTS**

Description	AS FILED		Ref	OUCC FILED		REBUTTAL FILED		SETTLEMENT		Line No.
	Pro Forma Adjustments Increases (Decreases)	B		Pro Forma Adjustments Increases (Decreases)	D	Pro Forma Adjustments Increases (Decreases)	E	Pro Forma Adjustments Increases (Decreases)	F	
A	B	C		D	E	F				
Operating Revenues										
Normal Weather	\$ 7,376,767	A01	\$	7,376,767	\$	7,376,767	\$	7,376,767		1
Annualized Days of Service	\$ (171,184)	A02	\$	(171,184)	\$	(171,184)	\$	(171,184)		2
Customer Count	\$ (129,238)	A03	\$	(129,238)	\$	(129,238)	\$	(129,238)		3
Large Customer Changes	\$ (234,719)	A04	\$	20,812	\$	(258,510)	\$	(258,414)		4
Customer Migration	\$ 1,702	A05	\$	1,702	\$	1,702	\$	1,702		5
Unbilled Revenue	\$ 456,911	A06	\$	456,911	\$	456,911	\$	456,911		6
Pipeline Safety Act Cost Recovery	\$ 110,866	A07	\$	-	\$	-	\$	-		7
Cost of Gas	\$ (1,369,310)	A08	\$	(1,369,310)	\$	(1,369,310)	\$	(1,369,310)		8
Total	\$ 6,041,795		\$	6,186,460	\$	5,907,138	\$	5,907,234		10
Cost of Gas										
Normal Weather	\$ 7,339,616	A01	\$	7,339,616	\$	7,339,616	\$	7,339,616		11
Annualized Days of Service	\$ (153,504)	A02	\$	(153,504)	\$	(153,504)	\$	(153,504)		12
Customer Count	\$ (120,862)	A03	\$	(120,862)	\$	(120,862)	\$	(120,862)		13
Cost of Gas	\$ (780,450)	A08	\$	(780,450)	\$	(780,450)	\$	(2,215,227)		14
	\$ 6,284,800		\$	6,284,800	\$	6,284,800	\$	4,850,023		17
Gross Margin	\$ (243,005)		\$	(98,340)	\$	(377,662)	\$	1,057,211		18
Operation and Maintenance Expenses										
Labor and Labor Related Costs										
Labor Adjustments for Existing Headcount	\$ 143,755	A09	\$	139,782	\$	143,755	\$	143,755		19
Labor-Related Costs	\$ 187,046	A10	\$	38,754	\$	187,046	\$	187,046		20
Other Compensation	\$ 17,518	A11	\$	(127,851)	\$	17,518	\$	17,518		21
Pension Expense	\$ 47,152	A12	\$	47,152	\$	47,152	\$	47,152		22
Postretirement Medical Expense	\$ (69,653)	A13	\$	(69,653)	\$	(69,653)	\$	(69,653)		23
Training Expense	\$ 37,088	A14	\$	-	\$	37,088	\$	-		25
Additional Employees	\$ 213,932	A15	\$	44,800	\$	135,362	\$	135,362		26
Aging Workforce Related Costs										27
Aging Workforce	\$ 430,411	A16	\$	134,465	\$	189,994	\$	189,994		28
Operation and Maintenance Programs										
Manufactured Gas Plant Expense	\$ (316,500)	A17	\$	(316,500)	\$	(316,500)	\$	(316,500)		30
Pipeline Safety Act Costs	\$ 109,335	A18	\$	-	\$	-	\$	-		31
Distribution Maintenance	\$ 636,600	A19	\$	326,627	\$	600,300	\$	600,300		32
Uncollectible Accounts Expense	\$ 804,982	A20	\$	588,802	\$	742,026	\$	(108,881)		33
Meter Reading Costs	\$ 26,001	A21	\$	24,066	\$	26,001	\$	24,066		34
Contact Center Costs	\$ 118,466	A22	\$	118,466	\$	118,466	\$	118,466		35
Sales and Marketing Costs	\$ 71,735	A23	\$	71,735	\$	71,735	\$	71,735		36
Miscellaneous Billing Costs	\$ 15,627	A24	\$	15,627	\$	15,627	\$	15,627		37
Information Technology Costs	\$ 76,141	A25	\$	76,141	\$	76,141	\$	76,141		38
Amortization of Deferrals										
Rate Case Expense	\$ 43,615	A26	\$	43,615	\$	43,615	\$	43,615		40
Pipeline Safety Act Costs Amortization	\$ 531,886	A27	\$	-	\$	-	\$	-		41
Other Costs/Adjustments										
Property and Risk Insurance	\$ (112,105)	A28	\$	(202,252)	\$	(194,936)	\$	(194,936)		42
Claims Expense	\$ 25,388	A29	\$	(292,747)	\$	(141,279)	\$	(292,747)		44
Other Cost Reductions	\$ (33,227)	A30	\$	(33,227)	\$	(33,227)	\$	(33,227)		45
Changes in Cost Allocations	\$ 28,011	A31	\$	28,011	\$	28,011	\$	28,011		46
Asset Management Program Costs	\$ 78,131	A32	\$	24,918	\$	71,789	\$	-		47
Asset Management Program Savings	\$ (18,599)	A33	\$	(94,581)	\$	(48,299)	\$	-		48
Pro Forma Level Uncollectible Accounts										51
IURC Fee	\$ 100,932	A34	\$	100,932	\$	100,784	\$	100,784		49
Customer Service Costs	\$ -	New	\$	-	\$	-	\$	77,000		50
Total Operations and Maintenance before Asset Charge	\$ 3,193,668		\$	687,082	\$	1,848,516	\$	860,628		52
Asset Charge	\$ 168,475	A35	\$	(106,936)	\$	168,475	\$	6,793		53
Total Operations and Maintenance	\$ 3,362,143		\$	580,146	\$	2,016,991	\$	867,421		54
Depreciation and Amortization	\$ 192,508	A36	\$	192,508	\$	192,508	\$	192,508		55
Taxes										
Income Taxes (Federal and State)	\$ (752,955)	A37	\$	(511,048)	\$	(656,595)	\$	(436,917)		56
	\$ (1,044,415)	A38	\$	(132,996)	\$	(681,012)	\$	146,276		57
Other Taxes (IURT and Property Tax)	\$ 126,036	A39	\$	129,893	\$	125,033	\$	126,118		58
	\$ (112,887)	A40	\$	(112,887)	\$	(112,887)	\$	(112,887)		59
Total Taxes	\$ (1,784,221)		\$	(627,038)	\$	(1,325,461)	\$	(277,410)		60
Total Operating Expenses	\$ 1,770,430		\$	145,616	\$	884,038	\$	782,519		61
Total of All Pro Forma Adjustments (Line 18 - Line 61)	\$ (2,013,435)		\$	(243,956)	\$	(1,261,700)	\$	274,692		62

CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing Stipulation and Settlement Service was served by depositing a copy thereof in the United States mail, first class postage prepaid, addressed to:

OFFICE OF THE UTILITY CONSUMER
COUNSELOR
100 North Senate Avenue
Room N501
Indiana Government Center North
Indianapolis, Indiana 46204

J. Christopher Janak
Christopher C. Earle
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David F. Boehm
BOEHM KURTZ & LOWRY
36 East Seventh Street
Suite 1510
Cincinnati, OH 45202

John Cook, Esq.
DUNN & COOK
199 Main Street
Suite A
Franklin, IN 46131

this 15th day of March, 2007.


Daniel W. McGill

SOUTHERN INDIANA GAS AND ELECTRIC VECTREN SOUTH-GAS

d/b/a VECTREN ENERGY DELIVERY OF INDIANA, INC.

(VECTREN SOUTH-GAS)

IURC CAUSE NO. 43112

SUPPLEMENTAL TESTIMONY

OF

M. SUSAN HARDWICK

VICE PRESIDENT, CONTROLLER AND ASSISTANT TREASURER

ON

STIPULATION AND SETTLEMENT AGREEMENT

SUPPLEMENTAL TESTIMONY OF M. SUSAN HARDWICK
IN SUPPORT OF STIPULATION AND SETTLEMENT AGREEMENT

1 **Q. Please state your name and business address.**

2 A. My name is M. Susan Hardwick. My business address is One Vectren Square,
3 Evansville, Indiana 47708.
4

5 **Q. By whom are you employed?**

6 A. Vectren Corporation ("Vectren").
7

8 **Q. What is your position with Southern Indiana Gas and Electric Company d/b/a**
9 **Vectren Energy Delivery, Inc. ("Vectren South-Gas")?**

10 A. I am Vice President, Controller and Assistant Treasurer.
11

12 **Q. Are you the same M. Susan Hardwick that provided direct and rebuttal testimony**
13 **in this Cause?**

14 A. Yes, I am.
15

16 **Q. What is the purpose of your Supplemental Testimony on the Stipulation and**
17 **Settlement Agreement (the "Settlement")?**

18 A. I will briefly review the terms of the Settlement Agreement and summarize the resulting
19 revenue requirement and related components.
20

21 **Q. What are the main provisions of the Settlement?**

22 A. The Settlement addresses each of the pro forma adjustments originally recommended
23 by Vectren South-Gas in this proceeding. The Office of Utility Consumer Counselor
24 (OUCC) and Vectren South-Gas discussed each proposed adjustment, reviewed
25 relevant data, and negotiated a meaningful outcome on each item rather than simply
26 agreeing to a "split the difference" approach. This is shown in Appendix C to the
27 Settlement where the outcome of virtually every pro forma adjustment reflects either the
28 OUCC's litigation position or Vectren South-Gas' rebuttal position. As a result of
29 concessions made on rebuttal and in the Settlement, Vectren South-Gas reduced the
30 requested pro forma net expense by nearly \$1.7 million from the original filing, before

1 consideration of the impact of removing certain gas cost recovery items from base rates,
2 as discussed below.

3
4 The Settlement also addresses a number of cost recovery mechanisms proposed by
5 Vectren South-Gas in this case. First, in anticipation of the agreed upon three year
6 review of the existing Pipeline Safety Improvement Act cost recovery tracker (PSA), the
7 OUCC and Vectren South-Gas reviewed costs incurred to date, agreed to reset the
8 annual recovery cap, and moved all costs, including as yet unrecovered deferred costs
9 that had accumulated, out of base rates. The accumulated costs will be recovered over
10 a three year period through the PSA. This avoids embedding this amortized cost in base
11 rates.

12
13 The Settlement addresses the volatile nature of gas costs in two ways. First, Vectren
14 South-Gas had proposed to track the gas cost component of bad debt expense, while
15 leaving the margin component in base rates. The Settlement adopts a mechanism
16 whereby the gas cost component of bad debt expense will be recovered via the GCA,
17 while leaving the margin component in base rates. Therefore, while Vectren South-Gas
18 tracks the gas cost component at a fixed bad debt ratio of .65% of revenues, it remains
19 at risk for the margin component and for the level of the actual bad debt ratio. The effect
20 of this approach is to remove \$773,458 of bad debt related gas costs from base rate
21 recovery. The fixed ratio of .65% was determined, generally, based on recent
22 experience of the Vectren South-Gas. Second, the Settlement includes the agreement
23 that the cost of unaccounted for gas will be removed from base rates and be tracked
24 through the GCA capped at a fixed percentage. The effect of this approach is to remove
25 \$1,324,409 of unaccounted for gas costs from base rate recovery. Witness Albertson
26 describes the agreed to mechanisms for both of these items in his Settlement testimony.

27
28 The Settlement also reflects agreement on terms to support Vectren South-Gas'
29 accelerated replacement of bare steel and cast iron main. The parties dedicated time to
30 a review of the bare steel/cast iron replacement program and participated in a technical
31 conference on that issue. The Settlement supports the ability to proceed with
32 replacement of its Vectren South-Gas' oldest pipe that creates the majority of system
33 leaks. The Settlement specifies the annual cap on such expenditures and establishes

1 the accounting for the continuation of Allowance for Funds Used During Construction
2 (AFUDC) and the deferral of depreciation for project expenditures up to the annual cap
3 amount of \$3.0 million during the period post in service up to the date those projects are
4 included in a general rate proceeding.
5

6 Finally, the parties have agreed for the purposes of this Settlement that an allowed
7 return on equity of 10.15% is appropriate. Witness Benkert further discusses this
8 element of the Settlement in his supplemental testimony. Further, the actual capital
9 structure for Vectren South as of March 31, 2006, the test yearend, was also agreed to
10 by the parties in the Settlement. The capital structure and appropriate cost rates are
11 reflected in Appendix B to the Settlement.
12

13 **Q. What is amount of rate base reflected in this Settlement?**

14 A. The parties to the Settlement agree that the rate base on which to determine base rates
15 is \$121,668,882. This amount reflects actual utility plant balances as of October 31,
16 2006 as well as thirteen month averages as of that date for certain working capital
17 related items, like materials and supplies and gas in storage. The details of rate base
18 are reflected in Appendix B to the Settlement.
19

20 **Q. What is the resulting revenue requirement reflected in the Settlement?**

21 A. After reflecting the terms of the Settlement, the revenue requirement increase is
22 \$5,334,907 and the resulting base rate revenue requirement is \$160,234,558, which
23 produces net operating income of \$8,760,160. This compares to the case-in-chief filing
24 that reflected an increased revenue requirement of \$10,436,340, with a net operating
25 income of \$9,431,041.
26

27 **Q. Does this conclude your supplemental Settlement testimony?**

28 A. Yes, it does.

**SOUTHERN INDIANA GAS AND ELECTRIC COMPANY
d/b/a VECTREN ENERGY DELIVERY OF INDIANA, INC.
(VECTREN SOUTH – GAS)**

**SUPPLEMENTAL TESTIMONY
OF
SCOTT E. ALBERTSON
DIRECTOR, REGULATORY AFFAIRS**

ON

**UNACCOUNTED FOR AND BAD DEBT GAS COST RECOVERY,
CHANGES TO PIPELINE SAFETY ADJUSTMENT,
TARIFF REVISIONS
AND
SETTLEMENT RATES AND CHARGES.**

SPONSORING PETITIONER'S EXHIBITS SEA-1S THROUGH SEA-5S

SUPPLEMENTAL TESTIMONY OF SCOTT E. ALBERTSON
ON STIPULATION AND SETTLEMENT AGREEMENT

1 **Q.** Please state your name and business address.

2 **A.** Scott E. Albertson
3 One Vectren Square
4 Evansville, Indiana 47708

5
6 **Q.** What position do you hold with Petitioner Southern Indiana Gas and Electric
7 Company d/b/a Vectren Energy Delivery of Indiana, Inc. ("Vectren South" or
8 "the Company")?

9 **A.** I am Director of Regulatory Affairs for Vectren Utility Holdings, Inc. ("VUHI"), the
10 immediate parent company of Vectren South. I hold the same position with two other
11 utility subsidiaries of VUHI--Indiana Gas Company, Inc. ("Vectren North") and Vectren
12 Energy Delivery of Ohio ("Vectren Ohio").

13
14 **Q.** Are you the same Scott Albertson that previously filed direct testimony in this
15 Cause?

16 **A.** Yes.

17
18 **Q.** What is the purpose of your supplemental testimony in this proceeding?

19 **A.** My testimony provides support for the stipulation and settlement agreement filed in
20 this proceeding (the "Settlement"). In particular, my testimony supports: (1) changes
21 in the way unaccounted for gas costs and bad debt gas costs are recovered; (2)
22 changes to the Company's Pipeline Safety Adjustment; (3) revisions to Vectren
23 South's Tariff For Gas Service ("Tariff") provided for in the Settlement, including
24 revisions to the Rate Schedules and Appendices; and (4) the Settlement Rates and
25 Charges for each of the rate schedules.

26
27 **Q.** What exhibits are you sponsoring?

28 **A.** I am sponsoring the following exhibits:

29 SEA-2S Pro Forma Settlement Schedules – Gas Cost Adjustment

30 SEA-3S Vectren South Tariff for Gas Service

SEA-4S Vectren South Tariff for Gas Service – Red-lined Version

SEA-5S Vectren South's Margin Proof and Bill Impacts

Q. How is your supplemental testimony organized?

A. My supplemental testimony is organized as follows:

- I. Recovery of Unaccounted For Gas Costs
- II. Recovery of the Gas Cost Component of Bad Debt Expense
- III. Changes to the Pipeline Safety Adjustment
- IV. Tariff Revisions and Settlement Rates and Charges

Recovery of Unaccounted For Gas Costs

Q. Please summarize the terms of the Settlement related to recovery of Unaccounted For Gas ("UAFG") costs.

A. The Settlement provides for recovery of actual UAFG costs in the Gas Cost Adjustment ("GCA"), up to a maximum actual UAFG percentage of 1.2%. This methodology benefits customers in two ways. First, customers are no longer at risk of overpaying UAFG costs if gas prices decline. Second, customers are not at risk of paying for more UAFG volumes than the maximum level of 1.2%. This methodology also benefits the Company, in that the risk of under recovery of UAFG costs due to potential gas price increases is removed. Thus, for both customers and the Company, gas price volatility risk is eliminated. Unlike the Company's proposal in its case-in-chief, Vectren South does remain at risk for UAFG volumes greater than 1.2%. UAFG costs will be removed from base rates; all UAFG cost recovery will be in the GCA. Finally, the Settlement contemplates a review of this methodology after three (3) years.

Pro forma GCA schedules, illustrating how UAFG costs are projected and reconciled, are attached as Petitioner's Exhibit No. SEA-2S. The schedules illustrate projection and reconciliation of the same months, to demonstrate how the UAFG component in the projection flows to the reconciliation schedules. Two (2) sets of schedules are included. Set No. 1 illustrates how UAFG costs will be reconciled if the actual UAFG percentage is less than the maximum 1.2% (as illustrated, approximately 1.0%). Set No. 2 illustrates UAFG reconciliation if the actual UAFG percentage exceeds the

maximum 1.2% (as illustrated, approximately 1.4%).

Q. Please describe the UAFG cost recovery methodology illustrated in Petitioner's Exhibit No. SEA-2S.

A. The UAFG cost recovery methodology illustrated works as follows:

1. Vectren South will continue to project gas costs in the GCA on Schedule 1, page 1 of 3, but will not deduct from estimated gas costs that portion of the estimated commodity costs attributable to UAFG (as is currently the case since these costs are recovered only in base rates).
2. Vectren South will calculate the UAFG costs included in the GCA on Schedule 1, page 3 of 3, by multiplying the fixed UAFG percentage (1.2% as per the Settlement) by the estimated monthly "total gas available for sales" on the Company's system, then multiplying that result by the average estimated commodity price per dekatherm for each month. (These costs can also be derived as the fixed percentage multiplied by the total estimated GCA commodity costs. For informational purposes, the estimated UAFG costs are shown on Schedule 1, page 1 of 3, line 6 as well). The resulting UAFG costs will then be divided by the projected sales volumes for each month in the GCA quarter, yielding the UAFG component (in dollars per dekatherm) of the GCA.
3. Annually, for the twelve months ending August 31, the Company will file Schedule 11B. The annual actual UAFG percentage will be determined for the twelve months ending August 31. If the actual annual UAFG percentage is less than or equal to 1.2%, then all UAFG costs will be recoverable. If the actual annual UAFG percentage exceeds 1.2%, then UAFG costs recoverable will be determined as 1.2% of actual commodity costs incurred during the twelve months.
4. On Schedule 11B, UAFG costs recovered will be determined by month in Column 8 by multiplying the actual sales volumes (Column 7, from prior GCAs) by the applicable UAFG component (Column 6, from prior GCAs). The actual commodity costs incurred for the twelve month period (total of Column 5) will be multiplied by the actual UAFG percentage in Column 4 (if less than or equal to 1.2% as shown in Set No. 1), or by the maximum UAFG percentage of 1.2% (if greater than 1.2% as shown in Set No. 2) to determine

the amount of UAFG costs that are recoverable. The total UAFG costs recovered (total of Column 8) will be compared to the UAFG costs recoverable (Column 9) to determine the UAFG cost recovery variance to be allocated to subsequent GCAs on Schedule 12B. If recoverable costs are less than actual recoveries, the difference will be refunded to customers. Conversely, if recoverable costs are greater than actual recoveries, the difference will be recovered from customers.

Recovery of the Gas Cost Component of Bad Debt Expense

Q. Please summarize the terms of the Settlement related to recovery of the gas cost component of bad debt expense.

A. The Settlement provides for recovery of bad debt gas costs at a fixed ratio of 0.65%. This cost recovery methodology provides an incentive for the Company to continue to diligently manage its bad debt expense, while ensuring that customers pay bad debt gas costs at the fixed ratio. While this methodology does not provide for full recovery of bad debt gas costs, as proposed in the Company's case-in-chief, it does mitigate Vectren South's risk of under recovery of bad debt gas costs due to gas price volatility. The margin component of bad debt expense will remain in base rates under this methodology, and the gas cost component will be removed; all bad debt gas cost recovery will be in the GCA. Finally, the Settlement also contemplates a review of this methodology after three (3) years.

Petitioner's Exhibit No. SEA-S2 illustrates how bad debt gas costs are projected and reconciled. Unlike the GCA schedules pertaining to UAFG cost recovery, the bad debt gas cost recovery scenarios shown in Set No. 1 and Set No. 2 are identical since these costs are to be recovered at a fixed ratio.

Q. Please describe the bad debt gas cost recovery methodology illustrated in Petitioner's Exhibit No. SEA-2S.

A. The bad debt gas cost recovery methodology illustrated works as follows:

1. Bad debt gas costs will be estimated on Schedule 1, page 2 of 3, line 24. The fixed bad debt ratio of 0.65% will be multiplied by the projected demand and commodity costs, inclusive of UAFG costs, for each month. On line 25, the

1 monthly estimated bad debt gas costs will be divided by the projected sales
2 volumes for each month in the GCA quarter, yielding the bad debt gas cost
3 component (in dollars per dekatherm) of the GCA.

4 2. Vectren South will file Schedule 12C in each GCA. Actual bad debt gas cost
5 recoveries will be calculated on line 3, by multiplying the actual sales volumes
6 from Schedule 6 by the applicable bad debt gas cost component. Actual
7 recoverable bad debt gas costs will then be determined on line 5, by
8 multiplying the actual recoverable gas costs from Schedule 7 by the fixed ratio
9 of 0.65%.

10 3. The total bad debt gas costs recovered (on line 3) will be compared to the bad
11 debt gas costs recoverable (line 5) to determine the bad debt gas cost
12 recovery variance to be allocated to subsequent GCAs on Schedule 12B. If
13 recoverable costs are less than actual recoveries, the difference will be
14 refunded to customers. Conversely, if recoverable costs are greater than
15 actual recoveries, the difference will be recovered from customers.

16
17 **Deferred Pipeline Safety Adjustment Recovery**

18 **Q. Please summarize the terms of the Settlement related to the Company's**
19 **Pipeline Safety Adjustment.**

20 A. The Settlement refers to the Company having included, in its case-in-chief, pro forma
21 revenues and expenses associated with the Pipeline Safety Adjustment ("PSA"). It
22 further refers to the Company's proposal to amortize in base rates the deferred
23 expenses that had exceeded the annual recovery cap. These proposals were, as
24 confirmed by OUCC witness Grosskopf in his direct testimony, consistent with the
25 settlement and Commission Order in Cause No. 42596. Also per that settlement and
26 Order, the PSA was to undergo a three year review in 2007. The Parties have
27 conducted such a review as part of this proceeding and have agreed to (1) eliminate
28 all pipeline safety costs and revenues from base rates (Adjustments A07, A18 and
29 A27 sponsored by Ms. Hardwick), (2) continue the PSA under new terms, and (3)
30 provide for the recovery of the deferred costs and prospective costs, subject to a
31 revised negotiated cap, via the PSA. The negotiated PSA terms per the Settlement
32 are as follows:

- 1
2 • Deferred expenses eligible for inclusion in each annual PSA filing will be
3 capped at one million dollars (\$1 Million).
4
- 5 • Incremental deferred expenses above the \$1 Million annual cap may be
6 included in subsequent annual PSA filings, without carrying costs, up to the
7 amount of the annual cap.
8
- 9 • Any deferred balance existing at the end of the third year the PSA is in effect
10 (12 months ending March 31, 2007) will be amortized over a 3-year period
11 within the PSA, without carrying costs. This amortized amount will be
12 considered incremental to the \$1 Million annual cap (i.e. the amortized amount
13 does not count toward expenses that are deferred in each 12-month period
14 that may be recovered under the cap). The amortized amount will be
15 removed from the PSA at the end of the 3-year period.
16
- 17 • In each annual PSA filing, recoveries will be reconciled with recoverable
18 expenses. Recovery variances will be included in subsequent annual PSA
19 filings. Such variances will also be considered incremental to the \$1 Million
20 annual cap (i.e. variances do not count toward expenses that may be
21 recovered under the cap).
22
- 23 • Rate schedule margins as updated in this Cause shall be used as the basis
24 for allocating eligible deferred expenses in future annual PSA filings.
25
- 26 • The PSA will continue through the annual PSA filing for the twelve months
27 ended March 31, 2010. At that time, the Parties will review the PSA to
28 consider the appropriateness of the annual cap, whether the PSA should
29 continue, whether expenses have levelized sufficiently to be included in base
30 rates, and any other related matters.

31
32 The Settlement further provides that all other provisions of the Stipulation and
33 Settlement Agreement, and Commission Order, in Cause No. 42596 as related to the
34 PSA shall remain in effect.

Tariff Revisions and Settlement Rates and Charges

Q. Have you previously prepared a Tariff for Gas Service in this case?

A. Yes. Along with my Direct Testimony, Petitioner's Exhibit No. SEA-1, I submitted a proposed Tariff for Gas Service ("Tariff"), Petitioner's Exhibit No. SEA-12. Subsequent to the filing of my Direct Testimony, a number of revisions to the proposed Tariff were filed in this proceeding. I will describe below the changes to the Tariff as agreed upon in the Settlement, many of which were proposed in Petitioner's Exhibit No. SEA-12. The proposed Settlement Tariff is contained in Petitioner's Exhibit No. SEA-3S. A red-lined version of the Settlement Tariff showing all changes from the current tariff is contained in Petitioner's Exhibit No. SEA-4S.

Q. Please summarize the Settlement revisions to the Tariff.

A. The rates and charges applicable to each rate schedule, determined as described previously, have been incorporated in the Tariff. A number of other changes have been made as well.

Q. Please describe Rate 145.

A. A new Rate Schedule, Rate 145, General Transportation Service, has been created. Rate 145 is applicable to any non-residential customer whose annual usage is greater than or equal to 50,000 therms and less than 500,000 therms, and whose maximum daily usage is less than 15,000 therms. These customers are currently provided transportation service under Rate 120.

Q. Please describe changes to Rate 120.

A. In addition to removing transportation provisions (when Rate 145 was created), Rate 120 now requires customers using more than 250,000 therms annually to enter into a written contract which specifies their hourly and daily maximum gas requirements.

Q. Please describe the Interim Supply Service provision of Rate 145 and Rate 160.

A. As reflected in Rates 145 and 160, the Company may provide Interim Supply Service in the event a customer is temporarily unable to obtain gas supply from a supplier or pool operator.

1
2 **Q. Please describe the change in demand allocators in the GCA.**

3 A. Because load factors for Rates 110 and 120 are approximately the same, demand
4 allocators have been eliminated. This results in the same GCA for all sales
5 customers.

6
7 **Q. Please describe the changes to Other Charges in Appendix C.**

8 A. The following changes have been made to Appendix C:

- 9 ▪ the Reconnect Charge has been increased from \$20.00 to \$55.00
- 10 ▪ the After Hours Charge has been increased from \$22.00 to \$45.00
- 11 ▪ the Insufficient Funds Check Charge has been increased from \$15.00 to
12 \$25.00
- 13 ▪ the Fraudulent or Unapproved Use of Gas minimum charge has been
14 increased from \$44.00 to \$65.00

15
16 **Q. Please describe the change to Appendix F, Unaccounted For Gas Percentage.**

17 A. The unaccounted for gas percentage applicable to transportation customers, school
18 suppliers and pool operators has been changed to 1.2%, reflecting the Company's
19 current level of UAFG.

20
21 **Q. Please describe the changes to the Energy Efficiency Rider.**

22 A. As proposed in the Company's case-in-chief, the Sales Reconciliation Component
23 ("SRC") is implemented in the Settlement, along with the Energy Efficiency Funding
24 Component previously approved by the Commission.

25
26 **Q. Please describe the economic development riders.**

27 A. Two (2) new economic development riders, Rider ED, Economic Development Rider,
28 and Rider AD, Area Development Rider are included in the Tariff. These Riders are
29 designed to promote economic development and redevelopment in the Company's
30 service area.

31 **Q. Have any other changes been made to the Tariff?**

32 A. Yes. The Settlement provides for approval of other, minor changes to the Tariff.
33 These changes are identified in Petitioner's Exhibit No. SEA-4S. Also, Appendix K,

Distribution Replacement Adjustment, which was proposed in the Company's case-in-chief, has been removed from the Tariff. All references to Appendix K in the Rate Schedules have also been removed.

Q. How have the Settlement rates and charges been determined?

A. The Parties have agreed that new rates will reflect allocation of the revenue increase among all rate classes on an across-the-board basis, resulting in approximately the same percentage increase for all rate schedules. Rates for Residential sales service will be determined by increasing the monthly Customer Facilities Charge from \$10.75 to \$11.00 and allocating the remaining revenue increase to the block rates on an equal per therm basis.

Q. Please describe Petitioner's Exhibit No. SEA-5S.

A. It contains illustrative Margins and Bill Comparisons as described in the table below:

<u>Schedule No.</u>	<u>Page No.</u>	<u>Description</u>
Schedule 1	1 of 1	Comparison of Margins at Present and Settlement Rates
		Bill Impacts and Comparisons:
Schedule 2	1 of 8	– Rate 110 (Residential Sales)
Schedule 2	2 of 8	– Rate 120/125 (General Sales–Group 1)
Schedule 2	3 of 8	– Rate 120/125 (General Sales–Group 2)
Schedule 2	4 of 8	– Rate 120/125 (General Sales–Group 3)
Schedule 2	5 of 8	– Rate 145 (General Transportation–Group 2)
Schedule 2	6 of 8	– Rate 145 (General Transportation–Group 3)
Schedule 2	7 of 8	– Rate 160 (Large Volume Transportation)
Schedule 2	8 of 8	-- Rate 170 (Contract Transportation)
Schedule 3	1 of 1	Bill Impacts for Average Residential Customer (Rate 110)
Schedule 4	1 of 2	Rate 110 - Monthly Margins for SRC Calculations
Schedule 4	2 of 2	Rate 120/125 - Monthly Margins for SRC Calculations

Q. Do the Rates and Charges provided for in the Settlement and reflected in the

Tariff for Gas Service generate the Settlement margins (revenue less gas cost)?

A. Yes. Contained in Petitioner's Exhibit No. SEA-5S, Schedule 1, Page 1 of 1, is a margin proof demonstrating the margin generated by the Settlement rates and charges. The margin to be recovered through rates is \$42,675,776 which is the Settlement Total Margins of \$40,869,188 (column 9), plus GCA gas cost-related Indiana Utility Receipts Taxes ("IURT") of \$1,826,596. The remaining \$20,008 difference is due to rounding of the rates and charges.

Q. How does the Settlement provide for the increase to be allocated among the various rate schedules?

A. The agreed-upon rates reflect the allocation of the increase among all rate schedules on an across-the-board basis. As column 13 of the Margin Proof shows, the actual percentage increases to each rate schedule range from 21.9% to 22.2%.

Q. Please describe the Settlement rate changes to Rate 110.

A. The Customer Facilities Charge was set at \$11.00. Then the remaining revenue increase was allocated to the first and second block rates such that each block rate increased by the same dollar amount per therm.

Q. Please describe the Settlement rate changes to Rate 120, Rate 125 and Rate 145.

A. The Customer Facilities Charges are as follows: Group 1 Customers (served by meters with a rated capacity of 450 Cfh and less) will be assessed \$22.00 per month. Group 2 Customers (served by meters with a rated capacity greater than 450 Cfh and less than 5000 Cfh) will be assessed \$44.00 per month. Group 3 Customers (served by a meter with a rated capacity of 5000 Cfh and above) will be assessed \$88.00 per month. The block rates were then adjusted to recover the remaining revenue increase.

Q. Please describe the Settlement rate changes to Rate 160.

A. The Customer Facilities Charge was set at \$400.00. The remainder of the increase was allocated to the rate blocks.

1
2 **Q. Please describe the Settlement rate changes to Rate 170.**

3 A. The Customer Facilities Charge was set at \$700.00. The remainder of the increase
4 was allocated to the rate blocks.

5
6 **Q. What are the impacts on customers' bills resulting from the Settlement Rates
7 and Charges?**

8 A. The bill impacts resulting from the Settlement Rates and Charges are shown for each
9 of the rate schedules in Petitioner's Exhibit No. SEA-5S, Schedule 2, Pages 1 through
10 8.

11
12 **Q. What is the annual bill impact to the average Residential (Rate 110) customer?**

13 A. The average Residential customer would see an annual bill increase of \$45.76, a
14 4.6% increase over the annual bill amount (including gas costs) at present rates. The
15 derivation of the average Residential customer bill impact is shown in Petitioner's
16 Exhibit No. SEA-5S, Schedule 3.

17
18 **Q. Please describe Petitioner's Exhibit No. SEA-5S, Schedule 4.**

19 A. Petitioner's Exhibit No. SEA-5S, Schedule 4 represents monthly determinations of
20 annual volumes, margins and customers for Residential Rate 110 (Page 1 of 2), and
21 General Service Rate 120 and School Transportation Service Rate 125 (Page 2 of 2).
22 The SRC (a component of the Energy Efficiency Rider in Appendix I of the Tariff)
23 requires monthly information for its calculations. The volume, margin and customer
24 information used in Schedule 4 are derived from Schedule 1 and the Tariff.

25
26 **Q. Does this conclude your supplemental testimony?**

27 A. Yes, at this time.

Cause No. 37366

Schedule 1
Page 1 of 3

SET NO. 1
VECTREN SOUTH
Determination of Gas Cost Adjustment (GCA)
Estimated Period August 1, 2006 Through October 31, 2006

FOR ILLUSTRATIVE PURPOSES ONLY

Line No.	Estimated Cost of Gas to be Recovered	(A) Demand	(B) Total	(C) Commodity and Other Aug-06	(D) Sep-06	(E) Oct-06	(F) Total
1	Purchased Gas Cost (Sch. 3)	\$ 1,893,858	15,605,626	4,870,745	5,098,606	5,636,274	\$ 17,499,483
2	Contracted Storage and Transportation Cost	-	-	-	-	-	-
3	Gas (Injected)/Withdrawn from Storage - Net Cost (Sch. 5)	-	(8,155,686)	(3,374,840)	(3,311,056)	(1,469,790)	(8,155,686)
4	Total Estimated Gas Cost	1,893,858	7,449,940	1,495,905	1,787,550	4,166,484	9,343,797
5	Less: Cost to be recovered under schedules Containing provisions for Changes in Gas Cost	-	-	-	-	-	-
6	Estimated Cost of Unaccounted for Gas 1/	-	-	17,951	21,451	49,998	-
7	Net Cost of Gas to be Recovered	\$ 1,893,858	7,449,940	1,495,905	1,787,550	4,166,484	\$ 9,343,797
Estimated Sales Volume							
Rate Schedule		All GCA Classes	Rate 110	Rate 120	Rate 129		
8	Total Estimated Sales in Dth	1,046,000	619,036	426,934	30		
9	Less: Estimated Sales Under Rate Schedules With Provisions for Changes in Gas Cost	-	-	-	-		
10	Sales Subject to Gas Cost Adjustment (Dth)	1,046,000	619,036	426,934	30		
10a	August 2006	211,000	115,475	95,515	10		
10b	September 2006	257,000	149,080	107,910	10		
10c	October 2006	578,000	354,481	223,509	10		
11	Percent of Total Sales	100.00%	59.18%	40.82%	0.00%		
11a	August 2006	100.00%	54.73%	45.27%	0.00%		
11b	September 2006	100.00%	58.01%	41.99%	0.00%		
11c	October 2006	100.00%	61.33%	38.67%	0.00%		

1/ For informational purposes only.

SET NO. 1
VECTREN SOUTH
Determination of Gas Cost Adjustment (GCA)
Estimated Period August 1, 2006 Through October 31, 2006
FOR ILLUSTRATIVE PURPOSES ONLY

Schedule 1
Page 2 of 3

Line No.	Gas Cost Adjustment Rate	All GCA Classes	Rate 110	Rate 120	Rate 129
12	Demand Gas Cost Variance (Schedule 12B)	\$ 294,313	\$ 209,768	\$ 84,545	\$ -
12a	August 2006	\$ 58,045	\$ 39,130	\$ 18,915	\$ -
12b	September 2006	\$ 71,887	\$ 50,518	\$ 21,369	\$ -
12c	October 2006	\$ 164,381	\$ 120,120	\$ 44,261	\$ -
13	Demand Variance Per Dth (L 12/Sch. 2 Sales)	\$ 0.281	\$ 0.339	\$ 0.198	\$ -
13a	August 2006	\$ 0.275	\$ 0.339	\$ 0.198	\$ -
13b	September 2006	\$ 0.280	\$ 0.339	\$ 0.198	\$ -
13c	October 2006	\$ 0.284	\$ 0.339	\$ 0.198	\$ -
14	Commodity Variance (Schedule 12B)	\$ 216,338			
14a	August 2006	\$ 43,640			
14b	September 2006	\$ 53,154			
14c	October 2006	\$ 119,544			
15	Excess Return Reduction Per Dth	-			
16	Comm. Variance Per Dth (L 14 + L 15/Sch. 2 Sales)	\$ 0.207			
16a	August 2006	\$ 0.207			
16b	September 2006	\$ 0.207			
16c	October 2006	\$ 0.207			
17	Commodity Dollars to be Refunded (Schedule 12A)	\$ -			
18	Refunds Per Dth	\$ -			
19	Commodity Costs Allocated by Sales				
19a	Total - (Line 7, Col B)	\$ 7,449,940			
19b	August 2006 (Line 7, col C)	\$ 1,495,905			
19c	September 2006 (Line 7, col D)	\$ 1,787,550			
19c	October 2006 (Line 7, col E)	\$ 4,166,484			
21	Monthly Commodity Costs per Dth (L 19/L 20)	\$ 7.122			
21a	August 2006	\$ 7.090			
21b	September 2006	\$ 6.955			
21c	October 2006	\$ 7.208			
21	Total Commodity Costs per Dth (L 21 - L 18 + L 16)	\$ 7.329			
21a	August 2006	\$ 7.297			
21b	September 2006	\$ 7.162			
21c	October 2006	\$ 7.415			
22	Estimated Demand Costs (Sch. 1A)	\$ 0.751	\$ 0.788	\$ 0.677	\$ 0.677
23	Total of Comm. and Demand Costs (Sch 1, L 7+ Sch 3, Col G)	\$ 9,343,797			
23a	August 2006	\$ 2,068,492			
23b	September 2006	\$ 2,344,923			
23c	October 2006	\$ 4,930,382			
24	Bad Debt Gas Costs (L 23 * 0.65%)	\$ 60,735			
24a	August 2006	\$ 13,445			
24b	September 2006	\$ 15,242			
24c	October 2006	\$ 32,047			
25	Bad Debt Cost Components per Dth (L 24/Sch. 2 Sales)	\$ 0.058			
25a	August 2006	\$ 0.064			
25b	September 2006	\$ 0.059			
25c	October 2006	\$ 0.055			
26	Total Costs to be Recovered per Dth (L 13 + L 21 + L 22 + L 25)	\$ 8.419	\$ 8.514	\$ 8.262	\$ 8.064
26a	August 2006	\$ 8.387	\$ 8.488	\$ 8.236	\$ 8.038
26b	September 2006	\$ 8.252	\$ 8.348	\$ 8.096	\$ 7.898
26c	October 2006	\$ 8.505	\$ 8.597	\$ 8.345	\$ 8.147
27	Gas Cost Adjustment Modified for Indiana Utility Receipts Tax	\$ 8.550	\$ 8.646	\$ 8.390	\$ 8.189
27a	August 2006	\$ 8.517	\$ 8.620	\$ 8.364	\$ 8.163
27b	September 2006	\$ 8.380	\$ 8.478	\$ 8.222	\$ 8.021
27c	October 2006	\$ 8.637	\$ 8.731	\$ 8.475	\$ 8.274

SET NO. 1

VECTREN SOUTH

Determination of Gas Cost Adjustment (GCA)

Estimated Period August 1, 2006 Through October 31, 2006

FOR ILLUSTRATIVE PURPOSES ONLY

(\$/Dth)

Line No.		Aug-06	Sep-06	Oct-06
1	Schedule 3 - Purchases	687,000	733,000	781,911
2	Schedule 5 - Storage	(476,000)	(476,000)	(203,911)
3	Total Gas Available for Sales	211,000	257,000	578,000
4	UAFG Percentage - 1.2%	1.2%	1.2%	1.2%
5	UAFG Volumes	2,532	3,084	6,936
6	Average Commodity Price	\$ 7.090	\$ 6.955	\$ 7.208
7	UAFG Costs (to Sch.1, P1, L6)	\$ 17,951	\$ 21,451	\$ 49,998
8	Schedule 2 Sales	211,000	257,000	578,000
9	UAFG Component	\$ 0.085	\$ 0.083	\$ 0.087

Cause No. 37366

Schedule 6
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SET NO. 1
VECTREN SOUTH
Calculation of Gas Cost Variance for
August 2006
FOR ILLUSTRATIVE PURPOSES ONLY

Line No.		Rate 110	Rate 120	Rate 129	TOTAL
1	Rate Schedule				
2	Sales Subject to GCA - Dth	121,194	118,880	9	240,083
3	Percent of Total Sales	50.48%	49.52%	0.00%	100.00%
Reconciliation of Demand Gas Costs					
4	Actual Demand Cost of Gas Incurred (Schedule 7)	\$ 402,300	170,287	-	\$ 572,587
5	Demand Actual Cost of Gas Billed Including Gross Receipts Tax	\$ 112,710	87,615	6	\$ 200,331
6	Demand Actual Cost of Gas Billed Excluding Gross Receipts Tax	\$ 111,014	86,307	6	\$ 197,327
7	Demand Variance From Prior Causes	\$ 14,792	4,718		\$ 19,510
8	Demand GCA Cost recovered to be reconciled with incremental cost incurred (L 6 - L 7)	\$ 96,222	81,589	6	177,817
9	Total Demand Gas Cost Variance (L 4 - L 8) (Over)/Under Recovery	\$ 306,078	\$ 88,698	\$ (6)	\$ 394,770
Reconciliation of Commodity Gas Costs					
10	Actual Commodity Cost of Gas (Sch 7, L 3, Col B) x (Sch 6, L 3)	\$ 790,354	775,323	-	\$ 1,565,677 1/
11	Commodity Actual Cost of Gas Billed Including Gross Receipts Tax	\$ 932,830	915,019	69	\$ 1,847,918
12	Commodity Actual Cost of Gas Billed Excluding Gross Receipts Tax	\$ 918,529	900,992	68	\$ 1,819,589
13	Commodity Variance From Prior Causes	\$ 1,607	1,576	-	\$ 3,183
14	Refund Dollars	-	-	-	-
15	Commodity GCA Cost recovered to be reconciled with commodity cost incurred (L 12 - L 13 + L 14))	\$ 916,922	899,416	68	\$ 1,816,406
16	Commodity Gas Cost Variance (L 10 - L 15) (Over)/Under Recovery	\$ (126,568)	(124,093)	(68)	\$ (250,729)
17	Total Gas Cost Variance (Over)/Under Recovery (L 9 + L 16)	\$ 179,510	\$ (35,395)	\$ (74)	\$ 144,041

1/ UAFG costs are no longer removed from commodity costs

Cause No. 37366

Schedule 6

Page 2 of 3

SET NO. 1
VECTREN SOUTH

Calculation of Gas Cost Variance for

September 2006

FOR ILLUSTRATIVE PURPOSES ONLY

Line No.		Rate 110	Rate 120	Rate 129	TOTAL
1	Rate Schedule				
2	Sales Subject to GCA - Dth	134,648	186,813	12	321,473
3	Percent of Total Sales	41.89%	58.11%	0.00%	100.00%
Reconciliation of Demand Gas Costs					
4	Actual Demand Cost of Gas Incurred (Schedule 7)	\$ 391,610	165,763	-	\$ 557,373
5	Demand Actual Cost of Gas Billed Including Gross Receipts Tax	\$ 123,068	139,736	7	\$ 262,811
6	Demand Actual Cost of Gas Billed Excluding Gross Receipts Tax	\$ 121,183	137,681	7	\$ 258,871
7	Demand Variance From Prior Causes	\$ 38,170	18,891		\$ 57,061
8	Demand GCA Cost recovered to be reconciled with incremental cost incurred (L 6 - L 7)	83,013	118,790	7	201,810
9	Total Demand Gas Cost Variance (L 4 - L 8) (Over)/Under Recovery	\$ 308,597	46,973	(7)	\$ 355,563
Reconciliation of Commodity Gas Costs					
10	Actual Commodity Cost of Gas Sch 7, L 3, Col B x Sch 6, L 3	\$ 1,199,312	1,663,691	-	\$ 2,863,003 1/
11	Commodity Actual Cost of Gas Billed Including Gross Receipts Tax	\$ 1,054,428	1,462,933	94	\$ 2,517,455
12	Commodity Actual Cost of Gas Billed Excluding Gross Receipts Tax	\$ 1,038,271	1,440,515	93	\$ 2,478,879
13	Commodity Variance From Prior Causes	10,960	15,203	-	\$ 26,163
14	Refund Dollars	245	340	-	585
15	Commodity GCA Cost recovered to be reconciled with commodity cost incurred (L 12 - L 13 + L 14))	\$ 1,027,556	1,425,652	93	\$ 2,453,301
16	Commodity Gas Cost Variance (L 10 - L 15) (Over)/Under Recovery	\$ 171,756	\$ 238,039	\$ (93)	\$ 409,702
17	Total Gas Cost Variance (Over)/Under Recovery (L 9 + L 16)	\$ 480,353	\$ 285,012	\$ (100)	\$ 765,265

1/UAFG costs are no longer removed from commodity costs.

Cause No. 37366

Schedule 6
Page 3 of 3

SET NO. 1
VECTREN SOUTH
Calculation of Gas Cost Variance for
October 2006

FOR ILLUSTRATIVE PURPOSES ONLY

Line No.		Rate 110	Rate 120	Rate 129	TOTAL
1	Rate Schedule				
2	Sales Subject to GCA - Dth	280,403	201,548	16	481,967
3	Percent of Total Sales	58.18%	41.82%	0.00%	100.00%
Reconciliation of Demand Gas Costs					
4	Actual Demand Cost of Gas Incurred (Schedule 7)	\$ 536,715	227,183	-	\$ 763,898
5	Demand Actual Cost of Gas Billed Including Gross Receipts Tax	\$ 256,288	150,959	10	\$ 407,257
6	Demand Actual Cost of Gas Billed Excluding Gross Receipts Tax	\$ 252,363	148,541	10	\$ 400,914
7	Demand Variance From Prior Causes	\$ 69,183	29,826		\$ 99,009
8	Demand GCA Cost recovered to be reconciled with incremental cost incurred (L 6 - L 7)	183,180	118,715	10	301,905
9	Demand Gas Cost Variance (L 4 - L 8)	\$ 353,535	108,468	(10)	\$ 461,993
Reconciliation of Commodity Gas Costs					
10	Actual Commodity Cost of Gas Sch 7, L 3, Col B x Sch 6, L 3	\$ 2,957,617	2,125,946	-	\$ 5,083,563 1/
11	Commodity Actual Cost of Gas Billed Including Gross Receipts Tax	\$ 2,221,353	1,596,663	127	\$ 3,818,143
12	Commodity Actual Cost of Gas Billed Excluding Gross Receipts Tax	\$ 2,187,424	1,572,276	125	\$ 3,759,825
13	Commodity Variance From Prior Causes	\$ 26,094	18,757	-	\$ 44,851
14	Refund Dollars	584	419		1,003
15	Commodity GCA Cost recovered to be reconciled with commodity cost incurred (L 12 - L 13 + L 14))	\$ 2,161,914	1,553,938	125	\$ 3,715,977
16	Commodity Gas Cost Variance (L 10 - L 15) (Over)/Under Recovery	\$ 795,703	\$ 572,008	\$ (125)	\$ 1,367,586
17	Total Gas Cost Variance (Over)/Under Recovery (L 9 + L 16)	\$ 1,149,238	\$ 680,476	\$ (135)	\$ 1,829,579

1/ UAAG costs are no longer removed from commodity costs.

Cause No. 37366

Schedule 11
Page 1 of 1

SET NO. 1

VECTREN SOUTH

**Determination of Unaccounted for Gas (in Dth)
For three month period ending October 31, 2006**

FOR ILLUSTRATIVE PURPOSES ONLY

Line No.	(A) August-06	(B) September-06	(C) October-06
1 Volume of Purchased gas received	589,638	706,571	775,554
2 Transported gas received	1,545,427	1,342,940	1,439,877
3 Total Gas Injected Into/Withdrawn from storage	(359,187)	(358,391)	(303,634)
4 Local Production	2,898	6,767	4,625
5 Gas Usage Not billed - Non Reg meter	(3)	(1,207)	(598)
6 Total Quantity of Gas Available (L 1 + L 2 + L 3 + L 4 + L 5)	1,778,773	1,696,680	1,915,824
7 Volume of Gas Sold	240,083	321,473	481,967
8 Total Transportation Usage	1,543,773	1,358,273	1,405,582
9 Total Gas Delivered to Customers (L 7 + L 8)	1,783,856	1,679,746	1,887,549
10 Unaccounted for Gas (Line 6 - Line 9)	(5,083)	16,934	28,275
11 Percent of Unaccounted For Gas (Line 10/Line 6)	-0.3%	1.0%	1.5%

Removed lines 3, 8, 13 & 15 -18; not needed.

SET NO. 1
Vectren South
Annualization Adjustment for Unaccounted-for Gas Costs
For the Period September 2005 - August 2006
FOR ILLUSTRATIVE PURPOSES ONLY

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Volume of Gas Available to Customers (Dth)	Volume of Gas Delivered to Customers (Dth)	Volume of Unaccounted for Gas (Dth)	% of Unaccounted for Gas (%)	Actual Comm. Costs (Sch 7, Line 3, Col B)	UAFG Projected Rate (\$/Dth) (From Sch 1, P 3, L 9, prior GCAs)	Actual Sales in Dth (Sch 6, L2)	Actual UAFG Recovery (6 * 7)	Recoverable UAFG Costs (UAF % * Actual Comm. Costs (4 x 5))	Total UAFG Cost Variance (9 - 8) (To Sch. 12B, L 4c)
Month	Sch. 11, L7	Sch. 11, L11	Sch. 11, L12	Sch. 11, L14				1/	
September-05	1,705,163	1,679,746	25,417		\$ 2,863,033	\$ 0.100	\$ 323,080	\$ 32,308	
October-05	1,925,403	1,887,549	37,854		\$ 5,043,963	\$ 0.120	\$ 484,377	\$ 58,125	
November-05	2,691,967	2,742,741	(50,774)		\$ 11,288,233	\$ 0.110	\$ 1,215,146	\$ 133,666	
December-05	4,176,014	3,823,532	352,482		\$ 25,206,840	\$ 0.100	\$ 2,017,478	\$ 201,748	
January-06	3,366,255	3,537,234	(150,979)		\$ 18,216,838	\$ 0.110	\$ 1,813,626	\$ 199,499	
February-06	3,441,011	3,257,964	183,047		\$ 16,482,046	\$ 0.120	\$ 1,666,476	\$ 199,977	
March-06	2,954,672	2,940,058	14,614		\$ 11,769,095	\$ 0.115	\$ 1,298,786	\$ 149,360	
April-06	1,783,418	1,903,515	(120,097)		\$ 3,359,636	\$ 0.105	\$ 586,825	\$ 61,827	
May-06	1,788,182	1,786,852	1,330		\$ 2,534,293	\$ 0.110	\$ 359,039	\$ 39,494	
June-06	1,592,783	1,587,541	5,242		\$ 1,321,388	\$ 0.100	\$ 260,870	\$ 26,087	
July-06	1,757,506	1,759,912	(2,306)		\$ 1,266,016	\$ 0.090	\$ 237,423	\$ 21,368	
August-06	1,778,773	1,783,856	(5,083)		\$ 1,565,677	\$ 0.085	\$ 240,083	\$ 20,407	
Total	28,981,148	28,690,400	290,748	1.003%	\$ 100,916,858		\$ 10,505,209	\$ 1,143,867	\$ (131,670) to Sch 12B, line 4c

1/ Actual UAF percentage in column 4, up to a maximum of 1.2%.

Schedule 12B

Page 2 of 2

SET NO. 1

VECTREN SOUTH

Allocation of Commodity Variance

FOR ILLUSTRATIVE PURPOSES ONLY

Line No.		All GCA Rate Schedules
1	<u>Commodity Variances - Schedule 6</u>	
2	August	\$ (250,729)
3	September	409,702
4	October	1,367,586
4a	LIFO Adjustment	(499,578)
4b	Bad Debt Gas Cost Adjustment	13,299
4c	Annual UAF Gas Cost Adjustment	(131,670)
5	Total Quarter Commodity Variance	<u>\$ 908,610</u>

Allocation percentages from Schedule 2

5a	Aug - Oct 2006	9.11%
5b	Nov 2006 - Jan 2007	50.03%
5c	Feb - Apr 2007	34.22%
5d	May - July 2007	6.64%

Distribution of Commodity Variance to GCA Quarters

6	Aug - Oct 2006	\$ 82,774
7	Nov 2006 - Jan 2007	454,577
8	Feb - Apr 2007	310,926
9	May - July 2007	<u>60,333</u>
10	Total Commodity Variance Allocated	<u>\$ 908,610</u>

Commodity Variance from Past Causes for Aug - Oct 2006 Quarter

11	Cause No. 37366-GCA-	88	\$ 6,554
12	Cause No. 37366-GCA-	89	(21,563)
13	Cause No. 37366-GCA-	90	148,573
14	Cause No. 37366-GCA-	91	<u>82,774</u>
15	Total Commodity Variance		<u>\$ 216,338</u>
15a	Total August 2006 Commodity Variance	\$	43,640
15b	Total September 2006 Commodity Variance	\$	53,154
15c	Total October 2006 Commodity Variance	\$	119,544

Schedule 12C

SET NO. 1

SOUTHERN INDIANA GAS AND ELECTRIC COMPANY
Determination of Bad Debt Gas Cost Recoveries
FOR ILLUSTRATIVE PURPOSES ONLY

Line No.	Description	Aug-06	Sep-06	Oct-06	3 Months ending 10/31/06
1	Actual Sales in Dth (from Sch 6, L2)	240,083	321,473	481,967	1,043,523
2	Projected Bad Debt Gas Cost Component (\$/Dth) (from Sch 1, P 2, L 25, prior GCAs)	\$ 0.0640	\$ 0.0590	\$ 0.0550	
3	Actual Bad Debt Gas Cost Recovery (Line 1 * Line 2)	\$ 15,365	\$ 18,967	\$ 26,508	\$ 60,840
4	Actual Recoverable Gas Costs (from Sch. 7, L3)	#####	#####	#####	\$ 11,406,101
5	Actual Recoverable Bad Debt Gas Costs (L4 * 0.65%)	\$ 13,899	\$ 22,232	\$ 38,008	\$ 74,140
6	Bad Debt Gas Cost Variance (L 5 - L 3)	\$ (1,467)	\$ 3,266	\$ 11,500	\$ 13,299 to Sch 12B, line 4b

Cause No. 37366

Schedule 1
Page 1 of 3

SET NO. 2
VECTREN SOUTH
Determination of Gas Cost Adjustment (GCA)
Estimated Period August 1, 2006 Through October 31, 2006
FOR ILLUSTRATIVE PURPOSES ONLY

Line No.	Estimated Cost of Gas to be Recovered	(A)	(B)	(C)		(D)	(E)	(F)
		Demand	Total	Aug-06	Sep-06	Oct-06	Total	
1	Purchased Gas Cost (Sch. 3)	\$ 1,893,858	15,605,626	4,870,745	5,098,606	5,636,274	\$ 17,499,483	
2	Contracted Storage and Transportation Cost	-	-	-	-	-	-	
3	Gas (Injected)/Withdrawn from Storage - Net Cost (Sch. 5)	-	(8,155,686)	(3,374,840)	(3,311,056)	(1,469,790)	(8,155,686)	
4	Total Estimated Gas Cost	1,893,858	7,449,940	1,495,905	1,787,550	4,166,484	9,343,797	
5	Less: Cost to be recovered under schedules Containing provisions for Changes in Gas Cost	-	-	-	-	-	-	
6	Estimated Cost of Unaccounted for Gas 1/	-	-	17,951	21,451	49,998	-	
7	Net Cost of Gas to be Recovered	\$ 1,893,858	7,449,940	1,495,905	1,787,550	4,166,484	\$ 9,343,797	
<u>Estimated Sales Volume</u>								
	Rate Schedule	All GCA Classes	Rate 110	Rate 120	Rate 129			
8	Total Estimated Sales in Dth	1,046,000	619,036	426,934	30			
9	Less: Estimated Sales Under Rate Schedules With Provisions for Changes in Gas Cost	-	-	-	-			
10	Sales Subject to Gas Cost Adjustment (Dth)	1,046,000	619,036	426,934	30			
10a	August 2006	211,000	115,475	95,515	10			
10b	September 2006	257,000	149,080	107,910	10			
10c	October 2006	578,000	354,481	223,509	10			
11	Percent of Total Sales	100.00%	59.18%	40.82%	0.00%			
11a	August 2006	100.00%	54.73%	45.27%	0.00%			
11b	September 2006	100.00%	58.01%	41.99%	0.00%			
11c	October 2006	100.00%	61.33%	38.67%	0.00%			

1/ For informational purposes only.

SET NO. 2
VECTREN SOUTH
Determination of Gas Cost Adjustment (GCA)
Estimated Period August 1, 2006 Through October 31, 2006
FOR ILLUSTRATIVE PURPOSES ONLY

Schedule 1
Page 2 of 3

Line No.	Gas Cost Adjustment Rate	All GCA Classes	Rate 110	Rate 120	Rate 129
12	Demand Gas Cost Variance (Schedule 12B)	\$ 294,313	\$ 209,768	\$ 84,545	\$ -
12a	August 2006	\$ 58,045	\$ 39,130	\$ 18,915	\$ -
12b	September 2006	\$ 71,887	\$ 50,518	\$ 21,369	\$ -
12c	October 2006	\$ 164,381	\$ 120,120	\$ 44,261	\$ -
13	Demand Variance Per Dth (L 12/Sch. 2 Sales)	\$ 0.281	\$ 0.339	\$ 0.198	\$ -
13a	August 2006	\$ 0.275	\$ 0.339	\$ 0.198	\$ -
13b	September 2006	\$ 0.280	\$ 0.339	\$ 0.198	\$ -
13c	October 2006	\$ 0.284	\$ 0.339	\$ 0.198	\$ -
14	Commodity Variance (Schedule 12B)	\$ 250,262			
14a	August 2006	\$ 50,483			
14b	September 2006	\$ 61,489			
14c	October 2006	\$ 138,290			
15	Excess Return Reduction Per Dth	-			
16	Comm. Variance Per Dth (L 14 + L 15/Sch. 2 Sales)	\$ 0.239			
16a	August 2006	\$ 0.239			
16b	September 2006	\$ 0.239			
16c	October 2006	\$ 0.239			
17	Commodity Dollars to be Refunded (Schedule 12A)	\$ -			
18	Refunds Per Dth	\$ -			
	Commodity Costs Allocated by Sales				
19	Total - (Line 7, Col B)	\$ 7,449,940			
19a	August 2006 (Line 7, col C)	\$ 1,495,905			
19b	September 2006 (Line 7, col D)	\$ 1,787,550			
19c	October 2006 (Line 7, col E)	\$ 4,166,484			
21	Monthly Commodity Costs per Dth (L 19/L 20)	\$ 7.122			
21a	August 2006	\$ 7.090			
21b	September 2006	\$ 6.955			
21c	October 2006	\$ 7.208			
21	Total Commodity Costs per Dth (L 21 - L 18 + L 16)	\$ 7.361			
21a	August 2006	\$ 7.329			
21b	September 2006	\$ 7.194			
21c	October 2006	\$ 7.447			
22	Estimated Demand Costs (Sch. 1A)	\$ 0.751	\$ 0.788	\$ 0.677	\$ 0.677
23	Total of Comm. and Demand Costs (Sch 1, L 7 + Sch 3, Col G)	\$ 9,343,797			
23a	August 2006	\$ 2,068,492			
23b	September 2006	\$ 2,344,923			
23c	October 2006	\$ 4,930,382			
24	Bad Debt Gas Costs: (L23 * 0.65%)	\$ 60,735			
24a	August 2006	\$ 13,445			
24b	September 2006	\$ 15,242			
24c	October 2006	\$ 32,047			
25	Bad Debt Cost Components per Dth (L 24/Sch. 2 Sales)	\$ 0.058			
25a	August 2006	\$ 0.064			
25b	September 2006	\$ 0.059			
25c	October 2006	\$ 0.055			
	Total Costs to be Recovered per Dth				
26	(L 19 + L 21 + L 22 + L 25)	\$ 8.451	\$ 8.546	\$ 8.294	\$ 8.096
26a	August 2006	\$ 8.419	\$ 8.520	\$ 8.268	\$ 8.070
26b	September 2006	\$ 8.284	\$ 8.380	\$ 8.128	\$ 7.930
26c	October 2006	\$ 8.537	\$ 8.629	\$ 8.377	\$ 8.179
	Gas Cost Adjustment Modified for				
27	Indiana Utility Receipts Tax	\$ 8.582	\$ 8.679	\$ 8.423	\$ 8.222
27a	August 2006	\$ 8.550	\$ 8.652	\$ 8.396	\$ 8.195
27b	September 2006	\$ 8.413	\$ 8.510	\$ 8.254	\$ 8.053
27c	October 2006	\$ 8.670	\$ 8.763	\$ 8.507	\$ 8.306

SET NO. 2

VECTREN SOUTH

Determination of Gas Cost Adjustment (GCA)

Estimated Period August 1, 2006 Through October 31, 2006

FOR ILLUSTRATIVE PURPOSES ONLY

(\$/Dth)

Line No.		Aug-06	Sep-06	Oct-06
1	Schedule 3 - Purchases	687,000	733,000	781,911
2	Schedule 5 - Storage	(476,000)	(476,000)	(203,911)
3	Total Gas Available for Sales	211,000	257,000	578,000
4	UAFG Percentage - 1.2%	1.2%	1.2%	1.2%
5	UAFG Volumes	2,532	3,084	6,936
6	Average Commodity Price	\$ 7.090	\$ 6.955	\$ 7.208
7	UAFG Costs (to Sch.1, P1, L6)	\$ 17,951	\$ 21,451	\$ 49,998
8	Schedule 2 Sales	211,000	257,000	578,000
9	UAFG Component	\$ 0.085	\$ 0.083	\$ 0.087

Cause No. 37366

Schedule 6
Page 1 of 3

SET NO. 2
VECTREN SOUTH
Calculation of Gas Cost Variance for
August 2006
FOR ILLUSTRATIVE PURPOSES ONLY

Line No.		Rate 110	Rate 120	Rate 129	TOTAL
1	Rate Schedule				
2	Sales Subject to GCA - Dth	121,194	118,880	9	240,083
3	Percent of Total Sales	50.48%	49.52%	0.00%	100.00%
Reconciliation of Demand Gas Costs					
4	Actual Demand Cost of Gas Incurred (Schedule 7)	\$ 402,300	170,287	-	\$ 572,587
5	Demand Actual Cost of Gas Billed Including Gross Receipts Tax	\$ 112,710	87,615	6	\$ 200,331
6	Demand Actual Cost of Gas Billed Excluding Gross Receipts Tax	\$ 111,014	86,307	6	\$ 197,327
7	Demand Variance From Prior Causes	\$ 14,792	4,718		\$ 19,510
8	Demand GCA Cost recovered to be reconciled with incremental cost incurred (L 6 - L 7)	\$ 96,222	81,589	6	177,817
9	Total Demand Gas Cost Variance (L 4 - L 8) (Over)/Under Recovery	\$ 306,078	\$ 88,698	\$ (6)	\$ 394,770
Reconciliation of Commodity Gas Costs					
10	Actual Commodity Cost of Gas (Sch 7, L 3, Col B) x (Sch 6, L 3)	\$ 790,354	775,323	-	\$ 1,565,677 1/
11	Commodity Actual Cost of Gas Billed Including Gross Receipts Tax	\$ 932,830	915,019	69	\$ 1,847,918
12	Commodity Actual Cost of Gas Billed Excluding Gross Receipts Tax	\$ 918,529	900,992	68	\$ 1,819,589
13	Commodity Variance From Prior Causes	\$ 1,607	1,576	-	\$ 3,183
14	Refund Dollars	-	-	-	-
15	Commodity GCA Cost recovered to be reconciled with commodity cost incurred (L 12 - L 13 + L 14))	\$ 916,922	899,416	68	\$ 1,816,406
16	Commodity Gas Cost Variance (L 10 - L 15) (Over)/Under Recovery	\$ (126,568)	(124,093)	(68)	\$ (250,729)
17	Total Gas Cost Variance (Over)/Under Recovery (L 9 + L 16)	\$ 179,510	\$ (35,395)	\$ (74)	\$ 144,041

1/ UAFG costs are no longer removed from commodity costs.

Cause No. 37366

Schedule 6

Page 2 of 3

SET NO. 2
VECTREN SOUTH
 Calculation of Gas Cost Variance for
September 2006

FOR ILLUSTRATIVE PURPOSES ONLY

Line No.	Rate Schedule	Rate 110	Rate 120	Rate 129	TOTAL
1	Rate Schedule				
2	Sales Subject to GCA - Dth	134,648	186,813	12	321,473
3	Percent of Total Sales	41.89%	58.11%	0.00%	100.00%
Reconciliation of Demand Gas Costs					
4	Actual Demand Cost of Gas Incurred (Schedule 7)	\$ 391,610	165,763	-	\$ 557,373
5	Demand Actual Cost of Gas Billed Including Gross Receipts Tax	\$ 123,068	139,736	7	\$ 262,811
6	Demand Actual Cost of Gas Billed Excluding Gross Receipts Tax	\$ 121,183	137,681	7	\$ 258,871
7	Demand Variance From Prior Causes	\$ 38,170	18,891		\$ 57,061
8	Demand GCA Cost recovered to be reconciled with incremental cost incurred (L 6 - L 7)	83,013	118,790	7	201,810
9	Total Demand Gas Cost Variance (L 4 - L 8) (Over)/Under Recovery	\$ 308,597	46,973	(7)	\$ 355,563
Reconciliation of Commodity Gas Costs					
10	Actual Commodity Cost of Gas Sch 7, L 3, Col B x Sch 6, L 3	\$ 1,199,312	1,663,691	-	\$ 2,863,003 1/
11	Commodity Actual Cost of Gas Billed Including Gross Receipts Tax	\$ 1,054,428	1,462,933	94	\$ 2,517,455
12	Commodity Actual Cost of Gas Billed Excluding Gross Receipts Tax	\$ 1,038,271	1,440,515	93	\$ 2,478,879
13	Commodity Variance From Prior Causes	10,960	15,203	-	\$ 26,163
14	Refund Dollars	245	340	-	585
15	Commodity GCA Cost recovered to be reconciled with commodity cost incurred (L 12 - L 13 + L 14))	\$ 1,027,556	1,425,652	93	\$ 2,453,301
16	Commodity Gas Cost Variance (L 10 - L 15) (Over)/Under Recovery	\$ 171,756	\$ 238,039	\$ (93)	\$ 409,702
17	Total Gas Cost Variance (Over)/Under Recovery (L 9 + L 16)	\$ 480,353	\$ 285,012	\$ (100)	\$ 765,265

1/ UAFC costs are no longer removed from commodity costs.

Cause No. 37366

Schedule 6
Page 3 of 3

SET NO. 2
VECTREN SOUTH
Calculation of Gas Cost Variance for
October 2006

FOR ILLUSTRATIVE PURPOSES ONLY

Line No.		Rate 110	Rate 120	Rate 129	TOTAL
1	Rate Schedule				
2	Sales Subject to GCA - Dth	280,403	201,548	16	481,967
3	Percent of Total Sales	58.18%	41.82%	0.00%	100.00%
Reconciliation of Demand Gas Costs					
4	Actual Demand Cost of Gas Incurred (Schedule 7)	\$ 536,715	227,183	-	\$ 763,898
5	Demand Actual Cost of Gas Billed Including Gross Receipts Tax	\$ 256,288	150,959	10	\$ 407,257
6	Demand Actual Cost of Gas Billed Excluding Gross Receipts Tax	\$ 252,363	148,541	10	\$ 400,914
7	Demand Variance From Prior Causes	\$ 69,183	29,826		\$ 99,009
8	Demand GCA Cost recovered to be reconciled with incremental cost incurred (L 6 - L 7)	183,180	118,715	10	301,905
9	Demand Gas Cost Variance (L 4 - L 8)	\$ 353,535	108,468	(10)	\$ 461,993
Reconciliation of Commodity Gas Costs					
10	Actual Commodity Cost of Gas Sch 7, L 3, Col B x Sch 6, L 3	\$ 2,957,617	2,125,946	-	\$ 5,083,563 1/
11	Commodity Actual Cost of Gas Billed Including Gross Receipts Tax	\$ 2,221,353	1,596,663	127	\$ 3,818,143
12	Commodity Actual Cost of Gas Billed Excluding Gross Receipts Tax	\$ 2,187,424	1,572,276	125	\$ 3,759,825
13	Commodity Variance From Prior Causes	\$ 26,094	18,757	-	\$ 44,851
14	Refund Dollars	584	419		1,003
15	Commodity GCA Cost recovered to be reconciled with commodity cost incurred (L 12 - L 13 + L 14))	\$ 2,161,914	1,553,938	125	\$ 3,715,977
16	Commodity Gas Cost Variance (L 10 - L 15) (Over)/Under Recovery	\$ 795,703	\$ 572,008	\$ (125)	\$ 1,367,586
17	Total Gas Cost Variance (Over)/Under Recovery (L 9 + L 16)	\$ 1,149,238	\$ 680,476	\$ (135)	\$ 1,829,579

1/UAFG costs are no longer removed from commodity costs.

Cause No. 37366

Schedule 11
Page 1 of 1

SET NO. 2
VECTREN SOUTH

Determination of Unaccounted for Gas (in Dth)
For three month period ending October 31, 2006
FOR ILLUSTRATIVE PURPOSES ONLY

Line No.	(A) August-06	(B) September-06	(C) October-06
1 Volume of Purchased gas received	589,638	706,571	775,554
2 Transported gas received	1,545,427	1,342,940	1,439,877
3 Total Gas Injected Into/Withdrawn from storage	(359,187)	(358,391)	(303,634)
4 Local Production	2,898	6,767	4,625
5 Gas Usage Not billed - Non Reg meter	(3)	(1,207)	(598)
6 Total Quantity of Gas Available (L 1 + L 2 + L 3 + L 4 + L 5)	1,778,773	1,696,680	1,915,824
7 Volume of Gas Sold	240,083	321,473	481,967
8 Total Transportation Usage	1,543,773	1,358,273	1,405,582
9 Total Gas Delivered to Customers (L 7 + L 8)	1,783,856	1,679,746	1,887,549
10 Unaccounted for Gas (Line 6 - Line 9)	(5,083)	16,934	28,275
11 Percent of Unaccounted For Gas (Line 10/Line 6)	-0.3%	1.0%	1.5%

Removed lines 3, 8, 13 & 15-18, not needed.

SET NO. 2
Vectren South
Annualization Adjustment for Unaccounted-for Gas Costs
For the Period September 2005 - August 2006
FOR ILLUSTRATIVE PURPOSES ONLY

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Month	Volume of Gas Available to Customers (Dth) Sch. 11, L7	Volume of Gas Delivered to Customers (Dth) Sch. 11, L11	Volume of Gas (Dth) Unaccounted for Gas (Dth) Sch. 11, L12	% of Unaccounted for Gas (%) Sch. 11, L14	Actual Comm. Costs (Sch 7, Line 3, Col B)	UAFG Projected Rate (\$/Dth) (From Sch 1, P 3, L 9, prior GCAs)	Actual Sales in Dth (Sch 6, L2) Recovery (6 * 7)	Recoverable UAFG Costs (UAF % * Actual Comm. Costs (4 x 5))	Total UAFG Cost Variance (9 - 8) (To Sch. 12B, L 4c)
September-05	1,711,950	1,879,748	32,204		\$ 2,863,033	\$ 0.100	\$ 323,080	\$ 32,308	
October-05	1,933,066	1,887,549	45,517		\$ 5,043,963	\$ 0.120	\$ 484,377	\$ 58,125	
November-05	2,702,881	2,742,741	(40,060)		\$ 11,288,233	\$ 0.110	\$ 1,215,146	\$ 133,666	
December-05	4,192,635	3,823,532	369,103		\$ 25,206,640	\$ 0.100	\$ 2,017,478	\$ 201,748	
January-06	3,395,733	3,537,234	(137,501)		\$ 18,216,838	\$ 0.110	\$ 1,813,626	\$ 199,499	
February-06	3,454,707	3,257,964	196,743		\$ 16,482,046	\$ 0.120	\$ 1,666,476	\$ 199,977	
March-06	2,966,432	2,940,058	26,374		\$ 11,769,095	\$ 0.115	\$ 1,298,786	\$ 149,360	
April-06	1,790,516	1,903,515	(112,999)		\$ 3,359,636	\$ 0.105	\$ 588,825	\$ 61,827	
May-06	1,795,300	1,786,852	8,448		\$ 2,534,293	\$ 0.110	\$ 359,039	\$ 39,494	
June-06	1,599,123	1,587,541	11,582		\$ 1,321,388	\$ 0.100	\$ 260,870	\$ 26,087	
July-06	1,764,501	1,759,812	4,689		\$ 1,266,016	\$ 0.090	\$ 237,423	\$ 21,368	
August-06	1,776,773	1,783,856	(5,083)		\$ 1,565,677	\$ 0.085	\$ 240,083	\$ 20,407	
Total	29,089,416	28,690,400	399,016	1.372%	\$ 100,916,858		\$ 10,505,209	\$ 1,143,867	\$ 240,713 to Sch 12B, line 4c

1/ Actual UAF percentage in column 4, up to a maximum of 1.2%.

Schedule 12B

Page 2 of 2

SET NO. 2

VECTREN SOUTH

Allocation of Commodity Variance

FOR ILLUSTRATIVE PURPOSES ONLY

Line No.		All GCA Rate Schedules
1	<u>Commodity Variances - Schedule 6</u>	
2	August	\$ (250,729)
3	September	409,702
4	October	1,367,586
4a	LIFO Adjustment	(499,578)
4b	Bad Debt Gas Cost Adjustment	13,299
4c	Annual UAF Gas Cost Adjustment	240,713
5	Total Quarter Commodity Variance	<u>\$ 1,280,993</u>
	<u>Allocation percentages from Schedule 2</u>	
5a	Aug - Oct 2006	9.11%
5b	Nov 2006 - Jan 2007	50.03%
5c	Feb - Apr 2007	34.22%
5d	May - July 2007	6.64%
	<u>Distribution of Commodity Variance to GCA Quarters</u>	
6	Aug - Oct 2006	\$ 116,698
7	Nov 2006 - Jan 2007	640,881
8	Feb - Apr 2007	438,356
9	May - July 2007	<u>85,058</u>
10	Total Commodity Variance Allocated	<u>\$ 1,280,993</u>
	<u>Commodity Variance from Past Causes for Aug - Oct 2006 Quarter</u>	
11	Cause No. 37366-GCA- 88	\$ 6,554
12	Cause No. 37366-GCA- 89	(21,563)
13	Cause No. 37366-GCA- 90	148,573
14	Cause No. 37366-GCA- 91	<u>116,698</u>
15	Total Commodity Variance	<u>\$ 250,262</u>
15a	Total August 2006 Commodity Variance	\$ 50,483
15b	Total September 2006 Commodity Variance	\$ 61,489
15c	Total October 2006 Commodity Variance	\$ 138,290

Schedule 12C

SET NO. 2
SOUTHERN INDIANA GAS AND ELECTRIC COMPANY
Determination of Bad Debt Gas Cost Recoveries
FOR ILLUSTRATIVE PURPOSES ONLY

Line No.	Description	Aug-06	Sep-06	Oct-06	3 Months ending 10/31/06
1	Actual Sales in Dth (from Sch 6, L2)	240,083	321,473	481,967	1,043,523
2	Projected Bad Debt Gas Cost Component (\$/Dth) (from Sch 1, P 2, L 25, prior GCAs)	\$ 0.0640	\$ 0.0590	\$ 0.0550	
3	Actual Bad Debt Gas Cost Recovery (Line 1 * Line 2)	\$ 15,365	\$ 18,967	\$ 26,508	\$ 60,840
4	Actual Recoverable Gas Costs (from Sch. 7, L3)	#####	#####	#####	\$ 11,406,101
5	Actual Recoverable Bad Debt Gas Costs (L4 * 0.65%)	\$ 13,899	\$ 22,232	\$ 38,008	\$ 74,140
6	Bad Debt Gas Cost Variance (L 5 - L 3)	\$ (1,467)	\$ 3,266	\$ 11,500	\$ 13,299 to Sch 12B, line 4b

**SOUTHERN INDIANA GAS AND ELECTRIC COMPANY
D/B/A
VECTREN ENERGY DELIVERY OF INDIANA, INC.

(VECTREN SOUTH)**

TARIFF FOR GAS SERVICE

I.U.R.C. No. G-11

**ISSUED PURSUANT TO ORDER OF THE
INDIANA UTILITY REGULATORY COMMISSION
IN CAUSE NO. 43112,
EFFECTIVE _____.**

Communications concerning this tariff may be addressed to:

Mail: Regulatory Affairs Department
Vectren Corporation
One Vectren Square
Evansville, IN 47708
Telephone: 800-227-1376
Email: VectrenCustomerCare@Vectren.com

TARIFF SHEET INDEX

**Tariff
Sheet No.**

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TARIFF SHEET INDEX

Tariff
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Effective:

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Effective:

LOCATIONS SERVED
Cities, Towns and Unincorporated Communities

Alford
Algiers
Bicknell
Blairsville
Boonville
Bruceville
Buckskin
Cannelburg
Chandler
Chrisney
Cynthiana
Darmstadt
Daylight
Dayville
Decker
Earle
Edwardsport
Elberfeld
Evansville
Francisco
Freelandville
Ft. Branch
Griffin
Hatfield

Haubstadt
Hazleton
Inglefield
Kasson
Loogootee
Lynnville
Mackey
McCutchanville
Midway
Monroe City
Montgomery
Mt. Vernon
New Harmony
Newburgh
Oakland City
Oaktown
Otwell
Owensville
Paradise
Patoka
Petersburg
Poseyville
Princeton
Richland City

Rockport
Sandborn
Somerville
Spurgeon
St. James
St. Joseph
St. Phillips
St. Wendel
Stendal
Stevenson Station
Stewartsville
Tennyson
Upton
Velpen
Vincennes
Wadesville
Warrenton
Washington
Westphalia
Wheatland
Yankeetown

LOCATIONS SERVED

Locations Served by County

Daviess

Cannelburg
Montgomery
Washington

Gibson

Buckskin
Francisco
Ft. Branch
Haubstadt
Hazleton
Mackey
Oakland City
Owensville
Patoka
Princeton
Somerville
St James
Warrenton

Knox

Bicknell
Bruceville
Decker
Edwardsport
Freelandville
Monroe City
Oaktown
Sandborn
Vincennes
Westphalia
Wheatland

Martin

Loogootee

Pike

Alford
Alers
Otwell
Petersburg
Spurgeon
Stendel
Velpen

Posey

Blairsville
Cynthiana
Griffin
Mt. Vernon
New Harmony
Poseyville
St. Phillips
St. Wendel
Stewartsville
Upton
Wadesville

Spencer

Chrisney
Hatfield
Midway
Richland City
Rockport

Vanderburgh

Darmstadt
Daylight
Earle
Evansville
Inglefield
Kasson
McCutchanville
St. Joseph

Warrick

Boonville
Chandler
Dayville
Elberfeld
Lynnville
Newburgh
Paradise
Stevenson Station
Yankeetown

DEFINITIONS

Except where the context requires otherwise, the following terms shall have the meanings defined below when used in this Tariff for Gas Service:

Abbreviations:

Btu	– British Thermal Unit
Ccf	– Hundred Cubic Feet
Cf	– Cubic Foot
Cfh	– Cubic Feet per Hour
Dth	– Dekatherm
FERC	– Federal Energy Regulatory Commission
GCA	– Gas Cost Adjustment
IURC	– Indiana Utility Regulatory Commission
Mcf	– Thousand Cubic Feet
OUCC	– Indiana Office of Utility Consumer Counselor
PSIG	– Pounds per square inch gauge

Alternate Fuel – The form of energy used by Customer in place of Gas Service during Curtailment Periods. Gas Service provided by Company under another Rate Schedule shall not qualify as an Alternate Fuel.

Annual Usage – Customer's actual total gas usage for the most recent twelve consecutive billing months or Company's estimate of Customer's total gas usage for twelve consecutive billing months when actual usage information is not available.

Bill – An itemized list or statement of fees and charges for Gas Service, Contract Services, or other services provided by Company. A Bill may be rendered by mail or by electronic means.

British Thermal Unit – The average amount of heat necessary to increase the temperature of one pound of water by 1° Fahrenheit in the temperature range of 32° to 212° Fahrenheit at 14.73 pounds per square inch absolute pressure.

Btu Adjustment Factor – The average Btu content of gas supplied to Customer, as determined periodically by Company, which is applied to Customer's metered volumetric usage to determine therm usage for billing purposes.

Bypass – A direct or indirect interconnection of Customer's Premises with another supplier of gas service resulting in the displacement of or substantial reduction in Gas Service provided by Company.

Cashout – The monetary settlement of over-delivery and under-delivery gas imbalances between Company and Pool Operators, School Suppliers, or Transportation Customers.

Central Clock Time (CCT) – Central Daylight Time when daylight savings time is in effect and Central Standard Time when daylight savings time is not in effect.

Compressed Natural Gas (CNG) – Natural gas that has been compressed to approximately 2,400-3,600 pounds per square inch for subsequent use in Natural Gas Vehicles.

DEFINITIONS

Commercial Customer – Any Customer primarily engaged in wholesale or retail trade and services (including central heating and air conditioning facilities of apartment complexes), any local, state and federal governmental agency, and any Customer not covered by another classification. When Gas Service is supplied through one meter to an apartment house or multiple dwelling, the service shall be classified as Commercial, in which case the applicable Non-Residential service Rate Schedule shall apply.

Commission – The Indiana Utility Regulatory Commission.

Commission's Regulations – The Rules, Regulations and Standards of Service for Gas Public Utilities in Indiana, as promulgated from time to time by the Commission.

Company – Southern Indiana Gas and Electric Company d/b/a Vectren Energy Delivery of Indiana, Inc. (Vectren South).

Company-Supplied Gas – Gas purchased by Company for resale to Customer.

Company's General Terms and Conditions – General Terms and Conditions Applicable to Gas Service, as amended from time to time, and as approved by the Commission as part of this Tariff for Gas Service.

Curtailement – The interruption or limitation of the Gas Service available to Customer pursuant to Company's Curtailement Procedures.

Curtailement Period – The period of time, as specified by Company, during which Gas Service is subject to Curtailement.

Curtailement Procedures – Rule 24 of Company's General Terms and Conditions.

Customer – Any individual, partnership, association, firm, public or private corporation or any other entity receiving Gas Service provided by Company with its consent. A Customer shall include any person receiving Gas Service from Company irrespective of whether that person is the individual in whose name the Gas Service is being received.

Customer-Delivered Gas – Gas delivered by Customer, or on Customer's behalf, to Company's distribution system.

Daily Pipeline Nomination – Nomination made by School Supplier on pipeline's EBB indicating the quantity of gas being delivered to Company's city gate.

Daily Transportation Nomination – Nomination made by School Supplier on Company's EBB indicating the quantity of gas being delivered to Company's city gate.

Directed Delivery Quantity (DDQ) - The daily quantity of gas in Dth that School Supplier must deliver to Company's city gates, as specified by Company, to meet the Expected Demand of School Supplier's Pool, adjusted for prior imbalances associated with volume reconciliations, operating constraints, system knowledge/experience, and Company's Unaccounted for Gas Percentage.

Educational Institution – An institution administering or providing educational programs from kindergarten through post-secondary level.

DEFINITIONS

Electronic Bulletin Board (EBB or Extranet) – Company's electronic communications software that facilitates nominations, confirmation and other administrative functions associated with Transportation Service.

Expected Demand – A School Supplier's Pool's forecasted usage for a particular gas day, as determined by Company.

Gas Cost Adjustment - Gas cost recovery process approved for the Company through various Commission orders, including the Commission's generic orders in Cause No. 37091.

Gas Service – The availability of natural gas or a mixture of natural gas and other compatible gases at Company's point of delivery to Customer, irrespective of whether any such gas is actually consumed.

Group 1 – Company's designation for a Customer served by a meter with a rated capacity of 450 Cfh or less.

Group 2 – Company's designation for a Customer served by a meter with a rated capacity of greater than 450 Cfh and less than 5000 Cfh.

Group 3 – Company's designation for a Customer served by a meter with a rated capacity of 5000 Cfh or greater.

Heating Degree-Day – A standard measure of the coldness of the temperatures experienced, based on the extent to which the daily mean temperature falls below a reference temperature of 65° Fahrenheit.

Industrial Customer – A Customer primarily engaged in a process that creates or changes raw or unfinished materials into another form or product.

Interruptible Service – Gas Sales Service subject to Curtailment and requiring Customer to maintain Alternative Fuel capability.

Maximum Daily Usage – Customer's maximum actual gas usage or Company's estimate of Customer's maximum gas usage for any 24 hour period.

Non-Residential Customer – Any Customer that is not a Residential Customer.

Non-Gas Cost Revenue – Revenue received by Company from Customer, excluding gas costs such as pipeline storage and transportation costs, commodity gas costs, and other gas costs recovered through the Gas Cost Adjustment.

Operational Flow Order (OFO) – An order issued by the Company via its EBB, fax machine, or telephone directing Pool Operator, School Supplier or Transportation Customer to deliver specific quantities of gas via specific pipelines.

DEFINITIONS

Operating System – Any portion of Company's distribution system for which gas deliveries and gas demands must be balanced separately from other portions of the distribution system, due to operational and contractual limitations.

Peak Design Day Demand – the then-effective forecasted peak design day usage of a Customer Pool as calculated and communicated by Company.

Pool – A group of Transportation Customers who have been aggregated by a Pool Operator or School Supplier for gas supply management purposes.

Pool Operator – A marketer, supplier, or Transportation Customer(s) that provides gas supply management for a Pool.

Pool Operator-Delivered Gas – Gas delivered by a Pool Operator, or on behalf of a Pool Operator, to Company's distribution system.

Premises – The main residence or living quarters for a Residential Customer, or the main building of a Commercial or Industrial Customer. The Premises shall include the outlying or adjacent buildings used by the same Customer, provided the use of Gas Service in the outlying or adjacent building(s) is supplemental to the service used in the main residence, main living quarters, or main building of Customer.

Rate Schedule – A Gas Service applicable to a particular classification of Customer with specific Availability, Applicability, Character of Service, Rates and Charges, and Terms and Conditions.

Residential Customer – Customer using Gas Service primarily for a single family dwelling unit, mobile home, apartment unit or condominium.

Sales Customer – A Customer receiving Sales Service from Company.

Sales Service – Gas Service involving the delivery by Company to Customer of Company-Supplied Gas.

School Supplier – A gas supplier that provides gas supply management for a Pool of Customers for which an Educational Institution is responsible for payment of rates and charges to Company.

School Pooling Agreement - An agreement between Company and School Supplier that defines the mutual responsibilities and obligations of those parties relative to services provided under Rate 185-School Pooling Service.

School Supplier-Delivered Gas - Gas delivered by a School Supplier, or on behalf of a School Supplier, to Company's distribution system.

School Transportation Agreement – written agreement between Company and Educational Institution defining Terms and Conditions of the Educational Institution's Gas Service.

Service Area – Areas in which Company has Gas Service available or may offer Gas Service, as certified by the Commission.

Spaceheating Customer – Any Customer receiving Gas Service, any part of which Customer uses as fuel for the heating of some portion or all of Customer's Premises.

DEFINITIONS

Storage Service – Gas Service involving the on-system storage and redelivery by Company to Customer of Customer-Delivered gas.

Summer Season – The months of April through October, inclusive.

Therm – 100,000 Btu.

Throughput – The sum of Sales and Transportation Service quantities.

Transportation Customer – A Customer receiving Transportation Service from Company.

Transportation Service – Gas Service involving the delivery by Company to Customer of Customer-Delivered, School Supplier-Delivered or Pool Operator-Delivered gas.

Winter Season – The months of November through March, inclusive.

RATE 110

RESIDENTIAL SALES SERVICE

AVAILABILITY

This Rate Schedule shall be available throughout the Company's Service Area, subject to the availability of adequate facilities and gas supplies, which determinations shall be within Company's reasonable discretion.

APPLICABILITY

This Rate Schedule shall be applicable only to Residential Customers.

CHARACTER OF SERVICE

This Rate Schedule applies to the provision of Sales Service. Transportation Service is not provided under this Rate Schedule. Gas Service provided hereunder shall be metered and billed separately from Gas Service provided under any other Rate Schedule.

RATES AND CHARGES

The monthly Rates and Charges for Gas Service under this Rate Schedule shall be:

Customer Facilities Charge:

\$11.00

Distribution Charge:

First 50 therms @ \$0.1841 per therm

Over 50 therms @ \$0.1488 per therm

Appendices:

The following Appendices shall be applied monthly:

- Appendix A – Gas Cost Adjustment
- Appendix B – Normal Temperature Adjustment
- Appendix G – Universal Service Fund Adjustment
- Appendix H – Pipeline Safety Adjustment
- Appendix I – Energy Efficiency Rider

Minimum Monthly Charge:

The Minimum Monthly Charge shall be the Customer Facilities Charge.

Other Charges:

The Other Charges set forth in Appendix C shall be charged to Customer, if applicable.

TERMS AND CONDITIONS

Gas Service rendered under this Rate Schedule shall be subject to Company's General Terms and Conditions and the Commission's Regulations.

Effective:

RATE 120

GENERAL SALES SERVICE

AVAILABILITY

This Rate Schedule shall be available throughout the Company's Service Area, subject to the availability of adequate facilities and gas supplies, which determinations shall be within Company's reasonable discretion.

APPLICABILITY

This Rate Schedule shall be applicable to any Non-Residential Customer whose Annual Usage is less than 500,000 therms and whose Maximum Daily Usage is less than 15,000 therms.

CHARACTER OF SERVICE

This Rate Schedule applies to the provision of Sales Service. Transportation Service is not provided under this Rate Schedule. Gas Service provided under this Rate Schedule shall be metered and billed separately from Gas Service provided under any other Rate Schedule.

RATE AND CHARGES

The monthly Rates and Charges for Gas Service under this Rate Schedule shall be:

Customer Facilities Charge:

Group 1: \$22.00

Group 2: \$44.00

Group 3: \$88.00

Distribution Charge:

First 500 Therms @ \$0.1190 per therm

Over 500 therms @ \$0.0876 per therm

Appendices:

The following Appendices shall be applied monthly:

- Appendix A – Gas Cost Adjustment
- Appendix B – Normal Temperature Adjustment
- Appendix G – Universal Service Fund Adjustment
- Appendix H – Pipeline Safety Adjustment
- Appendix I – Energy Efficiency Rider

Minimum Monthly Charge:

The Minimum Monthly Charge shall be the Customer Facilities Charge.

Other Charges:

The Other Charges set forth in Appendix C shall be charged to Customer, if applicable.

RATE 120

GENERAL SALES SERVICE

CONTRACT

Customers with Annual Usage greater than 250,000 therms shall enter into a written contract which specifies the hourly and daily maximum gas requirements of Customer and any other terms reasonably required by Company. The contract shall have an initial term of not less than one year and shall automatically extend for succeeding annual terms thereafter, subject to cancellation by either party after written notice submitted not less than ninety days prior to the end of the initial term or any succeeding annual term. However, in no event shall the contract expire during the Winter Season, unless such mid-winter termination date is mutually agreed upon.

A Customer that returns from Rate 145 General Transportation Service to this Rate Schedule must remain on Sales Service for not less than twelve months before returning to Transportation Service unless expressly authorized by Company.

CURTAILMENT

When sufficient capacity or quantities of gas are not available to Company to meet existing and reasonably anticipated demands of Customers or to protect and replenish Company's underground storage reserves, which determinations shall be within Company's reasonable discretion, Customer shall, as provided by Rule 24 and upon notice from Company, curtail use of gas to such extent and during such periods as Company shall specify.

Customer shall curtail gas usage in not more than two hours upon notice from Company directing Curtailment of Gas Service under this Rate Schedule.

Gas usage by Customer during a Curtailment period in excess of the quantity allowed shall be considered Unauthorized Gas Usage and shall be subject to the Unauthorized Gas Usage Charge set forth in Appendix C.

TERMS AND CONDITIONS

Gas Service rendered under this Rate Schedule shall be subject to Company's General Terms and Conditions and the Commission's Regulations.

RATE 125

SCHOOL TRANSPORTATION SERVICE

AVAILABILITY

This Rate Schedule shall be available throughout Company's Service Area, subject to the availability of adequate facilities, which determination shall be within Company's reasonable discretion.

APPLICABILITY

This Rate Schedule shall be applicable to any Customer

- 1) whose Annual Usage is less than 50,000 therms and
 - 2) for which payment of rates and charges to Company is the responsibility of an Educational Institution,
- which elects service hereunder.

CHARACTER OF SERVICE

This Rate Schedule applies to the provision of Transportation Service. Gas Service provided hereunder shall be metered and billed separately from Gas Service provided under any other Rate Schedule.

RATES AND CHARGES

The monthly Rates and Charges for Gas Service hereunder shall be:

Customer Facilities Charge –

- Group 1: \$22.00
- Group 2: \$44.00
- Group 3: \$88.00

Distribution Charge -

- First 500 therms @ \$0.1190 per therm
- Over 500 therms @ \$0.0876 per therm

Appendices:

The following Appendices shall be applied monthly:

- Appendix A – Gas Cost Adjustment
- Appendix B – Normal Temperature Adjustment
- Appendix G – Universal Service Fund Adjustment
- Appendix H – Pipeline Safety Adjustment
- Appendix I – Energy Efficiency Rider

Related Charges –

Customer shall reimburse Company for all charges incurred on Customer's behalf in connection with transportation of gas for Customer's account, including any pipeline penalty charges or cashout provisions assessed to Company.

RATE 125

SCHOOL TRANSPORTATION SERVICE

Minimum Monthly Charge –

The Minimum Monthly Charge shall be the Customer Facilities Charge.

Other Charges –

The Other Charges set forth in Appendix C shall be charged to Customer, if applicable.

Switching Charges –

Customer shall be charged \$10.00 per meter per switch for switching School Suppliers more than once per calendar year.

CURTAILMENT

When sufficient capacity or quantities of gas are not available to Company to meet existing and reasonably anticipated demands of Customers or to protect and replenish Company's underground storage reserves, which determinations shall be within Company's reasonable discretion, Customer shall, as provided under Rule 24 of the General Terms and Conditions Applicable to Gas Service ("Rule 24") and upon notice from Company, curtail use of gas to such extent and during such periods as Company shall specify.

Customer must curtail gas usage in not more than two hours upon notice from Company directing Curtailment of Gas Service under this Rate Schedule.

Gas usage by Customer during a Curtailment period in excess of the quantity allowed shall be considered Unauthorized Gas Usage and shall be subject to the Unauthorized Gas Usage Charge set forth in Appendix C.

SCHOOL TRANSPORTATION PROVISIONS

The following School Transportation Provisions are applicable to Customers served under this Rate Schedule.

- (1) A School Transportation Service Customer must become a member of a Pool pursuant to the provisions of Rate 185, School Pooling Service. School Supplier will be responsible for managing the Pool's gas supply. Customer shall enter into a School Transportation Agreement with Company that designates its selected School Supplier from a list of approved School Suppliers that have signed School Pooling Agreements with Company. Such elections will carry over from month to month unless Customer and School Supplier notify Company of any change at least ten (10) business days prior to the start of a new month.
- (2) Customer's prior delinquencies must be cured prior to commencing participation in School Transportation Service, unless otherwise agreed to in advance by Company. School Transportation Service will be effective as of Customer's next read date.
- (3) In the event of default of the School Supplier, Customer shall be returned to Sales Service or may designate another School Supplier. Customer shall be liable for its portion of applicable charges owed by defaulting School Suppliers, as determined by Company after review of all available facts and circumstances including documented deliveries and consumption.

Effective:

RATE 125
SCHOOL TRANSPORTATION SERVICE

- (4) A Customer that has voluntarily returned from School Transportation Service to Sales Service must remain on Sales Service for not less than one year before returning to School Transportation Service, unless expressly authorized by Company.
- (5) An Educational Institution must be a registered user of vectren.com to obtain historical usage information, and in order to obtain a single summary bill and remit a single monthly payment.

TERMS AND CONDITIONS

Gas Service under this Rate Schedule shall be subject to Company's General Terms and Conditions and the Commission's Regulations.

RATE 129

NATURAL GAS VEHICLE SERVICE

AVAILABILITY

This Rate Schedule shall be available throughout the Company's Service Area, subject to the availability of adequate facilities and gas supplies, which determination shall be within Company's reasonable discretion.

CHARACTER OF SERVICE

This Rate Schedule applies to the provision of (1) Gas Sales Service to a Customer-owned and operated CNG facility for the express purpose of converting such natural gas to CNG to fuel natural gas vehicles, or (2) the sale of CNG to any Customer from Company-Owned and operated CNG facilities to fuel natural gas vehicles.

Transportation Service is not provided under this Rate Schedule. Gas Service provided under this Rate Schedule to the Customer-owned and operated CNG facility shall be metered and billed separately from Gas Service provided under any other Rate Schedule.

RATES AND CHARGES

For Sales Service provided to a Customer-owned and operated CNG facility, the monthly Rates and Charges shall be:

Customer Facilities Charge:
\$18.32

Maximum Distribution Charge:
\$0.1394 per therm

For CNG Service provided from a designated Company-owned and operated CNG facility, the monthly Rates and Charges shall be:

Maximum Distribution Charge:
\$0.4255 per therm

Appendices:

The following Appendices shall be applied monthly:

- Appendix A – Gas Cost Adjustment
- Appendix G – Universal Service Fund Adjustment
- Appendix H – Pipeline Safety Adjustment

Minimum Monthly Charge:

The Minimum Monthly Charge shall be the Customer Facilities Charge, if applicable.

Other Charges:

The Other Charges set forth in Appendix C shall be charged to Customer, if applicable.

Competitive Flexibility:

The Company may, on an individual Customer basis, assess a Distribution Charge lower than the Maximum Distribution Charge in order to meet competition from alternate fuels. The decision to assess a lower charge will be made by the Company based on its analysis of competitive conditions.

Effective:

RATE 129

NATURAL GAS VEHICLE SERVICE

CONTRACT

Customers with Annual Usage greater than 250,000 therms shall enter into a written agreement with a minimum term of not less than one year and shall automatically extend for succeeding annual terms thereafter, subject to cancellation by either party after written notice submitted not less than ninety days prior to the end of the initial term or any succeeding annual term. However, in no event shall the contract expire during the Winter Season, unless such mid-winter termination date is mutually agreed upon.

TERMS AND CONDITIONS

- (1) Gas Service under this Rate Schedule shall be subject to Company's General Terms and Conditions and Commission's Regulations.
- (2) In no event shall the Company be obligated to incur any costs for additional facilities necessary to provide service to Customer-owned and operated CNG facilities. Nonetheless, in the event the Company elects to incur such costs, the costs of any additional facilities, including but not limited to any necessary telemetering equipment, that in the Company's sole judgment are required or must be incurred by the Company to provide this service, shall be the sole responsibility of the Customer, and shall be payable in full prior to the initiation of Gas Service. In addition, such costs shall include all applicable taxes.

RATE 145

GENERAL TRANSPORTATION SERVICE

AVAILABILITY

This Rate Schedule shall be available throughout Company's Service Area, subject to the availability of adequate facilities, which determination shall be within Company's reasonable discretion.

APPLICABILITY

This Rate Schedule shall be applicable to any Non-Residential Customer that:

1. has an Annual Usage of greater than or equal to 50,000 therms and less than 500,000 therms,
2. has a Maximum Daily Usage of less than 15,000 therms,
3. complies with the Measurement Requirement section of this Rate Schedule, and
4. enters into a written contract with Company to receive Gas Service under this Rate Schedule.

CHARACTER OF SERVICE

This Rate Schedule applies to the provision of Transportation Service. Gas Service provided hereunder shall be metered and billed separately from Gas Service provided under any other Rate Schedule.

RATES AND CHARGES

The monthly Rates and Charges for Gas Service hereunder shall be:

Customer Facilities Charge:

- Group 1: \$22.00
- Group 2: \$44.00
- Group 3: \$88.00

Distribution Charge:

- Applicable to all therms delivered to Customer during the billing month.
- First 500 therms @ \$0.1190 per therm
- Over 500 therms @ \$0.0876 per therm

Appendices:

The following Appendices shall be applied monthly:

- Appendix A – Gas Cost Adjustment
- Appendix G – Universal Service Fund Adjustment
- Appendix H – Pipeline Safety Adjustment

Riders:

The following Riders shall be available to qualified Customers:

- Rider ED – Economic Development Rider
- Rider AD – Area Development Rider

Related Charges: Customer shall reimburse Company for all charges incurred on Customer's behalf in connection with transportation of gas for Customer's account, including any pipeline penalty charges or cashout provisions assessed to Company.

Minimum Monthly Charge:

The Minimum Monthly Charge shall be the Customer Facilities Charge.

Other Charges –

The Other Charges set forth in Appendix C shall be charged to Customer, if applicable.

Effective:

RATE 145

GENERAL TRANSPORTATION SERVICE

CONTRACT

Customer shall enter into a written contract which specifies the hourly and daily maximum gas requirements of Customer and any other terms reasonably required by Company. The contract shall have an initial term of not less than one year and shall automatically extend for succeeding annual terms thereafter, subject to cancellation by either party after written notice submitted not less than ninety days prior to the end of the initial term or any succeeding annual term. However, in no event shall the contract expire during the Winter Season, unless such mid-winter termination date is mutually agreed upon.

A Customer that returns to Rate 120 General Sales Service from this Rate Schedule must remain on Sales Service for not less than twelve months before returning to Transportation Service unless expressly authorized by Company.

CURTAILMENT

When sufficient capacity or quantities of gas are not available to Company to meet existing and reasonably anticipated demands of Customers or to protect and replenish Company's underground storage reserves, which determinations shall be within Company's reasonable discretion, Customer shall, as provided by Rule 24, and upon notice from Company, curtail use of gas to such extent and during such periods as Company shall specify.

Customer shall curtail gas usage in not more than two hours upon notice from Company directing Curtailment of Gas Service under this Rate Schedule.

Gas usage by Customer during a Curtailment period in excess of the quantity allowed shall be considered Unauthorized Gas Usage and shall be subject to the Unauthorized Gas Usage Charge set forth in Appendix C.

GAS TRANSPORTATION PROVISIONS

The following Gas Transportation Provisions are applicable to Customers entering into Transportation Service contracts:

- (1) Transportation Customers shall be subject to the Nomination and Balancing Provisions in Appendix E, except as provided in paragraph (2) of this section.
- (2) Transportation Customers may become members of a Pool pursuant to the provisions of Rate 180, Pooling Service. If Customer designates a Pool Operator to be responsible for managing its gas supply, the nomination and balancing provisions pursuant to Appendix E shall not apply to Customer; rather, they shall apply to the Pool Operator. For purposes of calculating daily and monthly imbalances, the daily and monthly usages of all Customers within the Operator's Pool will be combined into a single Pool usage total, which will be matched against the Pool Operator's daily or monthly deliveries to its Pool. All nomination and balancing charges, including Cashout charges, penalties and like charges shall be billed to the Pool Operator. Customer shall remain individually responsible for interrupting or curtailing deliveries or usage or matching deliveries with usage, when ordered to do so by Company pursuant to this Tariff for Gas Service. In the event of default of the Pool Operator, Customer shall remain liable for its portion of applicable charges, as determined by the Company after review of all available facts and circumstances including documented deliveries and consumption. A Transportation Customer that has returned to Non-Pooling Transportation Service from Pooling Service may not return to Pooling Service for a period of two months unless expressly authorized by Company.

Effective:

RATE 145
GENERAL TRANSPORTATION SERVICE

- (3) Transportation Customer, at its expense, shall provide and maintain on the Premises at the meter location electric and telephone service as required by Company for the operation of Company-Owned electronic gas measurement devices and related communications equipment. If Customer's telephone line is frequently not available when Company seeks to obtain measurement data, Company may require Customer to provide a dedicated telephone line in order to continue Transportation Service under this Rate Schedule.
- (4) To compensate for unaccounted for gas, the quantity of gas available to Transportation Customer on a daily basis shall be equal to the quantity of gas delivered to the Company's distribution system at the point of receipt for the account of the Customer, reduced by a Unaccounted For Gas Percentage as set forth in Appendix F.
- (5) Transportation Customers must have all required regulatory approvals related to transportation of Customer-Delivered Gas.
- (6) Company may provide Interim Supply Service in the event Customer is temporarily unable to obtain supply from supplier or Pool Operator. Company will provide such service on an interruptible month-to-month basis for a term as determined by Company. Customer shall be responsible for meeting all creditworthiness requirements as determined by Company, including, without limitation, pre-payment to Company for gas supply. Customer must execute a written agreement with Company to effectuate this service and service will not begin prior to the execution date of such agreement.

TERMS AND CONDITIONS

Gas Service under this Rate Schedule shall be subject to Company's General Terms and Conditions and the Commission's Regulations.

RATE 160

LARGE VOLUME TRANSPORTATION SERVICE

AVAILABILITY

This Rate Schedule shall be available throughout the Company's Service Area, subject to the availability of adequate facilities and gas supplies, which determinations shall be in the Company's reasonable discretion.

APPLICABILITY

This Rate Schedule shall be applicable to any Non-Residential Customer whose Annual Usage is equal to or greater than 500,000 therms and less than 10,000,000 therms or whose Maximum Daily Usage is equal to or greater than 15,000 therms.

CHARACTER OF SERVICE

This Rate Schedule applies to the provision of Transportation Service. Interim Supply Service, as described below, may also be provided under this Rate Schedule, at Company's sole discretion. Gas Service provided hereunder shall be metered and billed separately from Gas Service provided under any other Rate Schedule.

RATES AND CHARGES

The monthly Rates and Charges for Gas Service under this Rate Schedule shall be:

Customer Facilities Charge:

\$400.00

Distribution Charge:

First 50,000 therms @ \$0.0653 per therm

Next 200,000 therms @ \$0.0560 per therm

Over 250,000 therms @ \$0.0469 per therm

Appendices:

The following Appendices shall be applied monthly:

- Appendix A – Gas Cost Adjustment
- Appendix G – Universal Service Fund Adjustment
- Appendix H – Pipeline Safety Adjustment

Riders:

The following Riders shall be available to qualified Customers:

- Rider ED – Economic Development Rider
- Rider AD – Area Development Rider

Minimum Monthly Charge:

The Minimum Monthly Charge shall be the Customer Facilities Charge.

Other Charges:

The Other Charges set forth in Appendix C shall be charged to Customer, if applicable.

Related Charges: Customer shall reimburse Company for all charges incurred in connection with interstate pipeline transportation of Customer-Delivered Gas including any gas costs, penalty charges, or Cashouts.

Effective:

RATE 160

LARGE VOLUME TRANSPORTATION SERVICE

CONTRACT

Customer shall enter into a written contract that specifies, the hourly and daily maximum gas requirements of Customer, and any other terms reasonably required by Company. The Contract shall have an initial term of not less than one year and shall automatically extend for succeeding annual terms thereafter, subject to cancellation by either party after written notice submitted not less than ninety days prior to the end of the initial term or any succeeding annual term. However, in no event shall the contract expire during the Winter Season, unless such mid-winter termination date is mutually agreed upon.

GAS TRANSPORTATION PROVISIONS

The following Gas Transportation Provisions are applicable to Customers entering into Transportation Service contracts:

- (1) Transportation Customers shall be subject to the Nomination and Balancing Provisions in Appendix E, except as provided in paragraph (2) of this section.
- (2) Transportation Customers may become members of a Pool pursuant to the provisions of Rate 180, Pooling Service. If Customer designates a Pool Operator to be responsible for managing its gas supply, the nomination and balancing provisions pursuant to Appendix E shall not apply to Customer; rather, they shall apply to the Pool Operator. For purposes of calculating daily and monthly imbalances, the daily and monthly usages of all Customers within the Operator's Pool will be combined into a single Pool usage total, which will be matched against the Pool Operator's daily or monthly deliveries to its Pool. All nomination and balancing charges, including Cashout charges, penalties and like charges shall be billed to the Pool Operator. Customer shall remain individually responsible for interrupting or curtailing deliveries or usage or matching deliveries with usage, when ordered to do so by Company pursuant to this Tariff for Gas Service. In the event of default of the Pool Operator, Customer shall remain liable for its portion of applicable charges, as determined by the Company after review of all available facts and circumstances including documented deliveries and consumption. A Transportation Customer that has returned to Non-Pooling Transportation Service from Pooling Service may not return to Pooling Service for a period of two months unless expressly authorized by Company.
- (3) Transportation Customer, at its expense, shall provide and maintain on the Premises at the meter location electric and telephone service as required by Company for the operation of Company-Owned electronic gas measurement devices and related communications equipment. If Customer's telephone line is frequently not available when Company seeks to obtain measurement data, Company may require Customer to provide a dedicated telephone line in order to continue Transportation Service under this Rate Schedule.
- (4) To compensate for unaccounted for gas, the quantity of gas available to Transportation Customer on a daily basis shall be equal to the quantity of gas delivered to the Company's distribution system at the point of receipt for the account of the Customer, reduced by a Unaccounted For Gas Percentage as set forth in Appendix F.
- (5) Transportation Customers must have all required regulatory approvals related to transportation of Customer-Delivered Gas.

Effective:

RATE 160

LARGE VOLUME TRANSPORTATION SERVICE

- (6) Company may provide Interim Supply Service in the event Customer is temporarily unable to obtain supply from supplier or Pool Operator. Company will provide such service on an interruptible month-to-month basis for a term as determined by Company. Customer shall be responsible for meeting all creditworthiness requirements as determined by Company, including, without limitation, pre-payment to Company for gas supply. Customer must execute a written agreement with Company to effectuate this service and service will not begin prior to the execution date of such agreement.

TERMS AND CONDITIONS

Gas Service rendered under this Rate Schedule shall be subject to Company's General Terms and Conditions and the Commission's Regulations.

Effective:

RATE 170

CONTRACT TRANSPORTATION SERVICE

AVAILABILITY

This Rate Schedule shall be available throughout Company's Service Area, subject to the availability of adequate facilities and gas supplies, which determinations shall be in the Company's reasonable discretion.

APPLICABILITY

This Rate Schedule shall be applicable to any Non-Residential Customer whose Annual Usage equals or exceeds 10,000,000 therms.

CHARACTER OF SERVICE

This Rate Schedule applies to the provision of Transportation Service. Gas Service provided hereunder shall be metered and billed separately from Gas Service provided under any other Rate Schedule.

RATES AND CHARGES

The monthly Rates and Charges for Gas Service under this Rate Schedule shall be:

Customer Facilities Charge:
\$700.00

Distribution Charge:
First 1,750,000 therms @ \$0.0163 per therm
Next 1,750,000 therms @ \$0.0087 per therm
Over 3,500,000 therms @ \$0.0036 per therm

Appendices:

The following Appendices shall be applied monthly:

- Appendix A – Gas Cost Adjustment
- Appendix G – Universal Service Fund Adjustment
- Appendix H – Pipeline Safety Adjustment

Minimum Monthly Charge:

The Minimum Monthly Charge shall be the Customer Facilities Charge.

Related Charges:

Customer shall reimburse Company for all charges incurred in connection with interstate pipeline transportation of Customer-Delivered Gas including any gas costs, penalty charges, or Cashouts.

Other Charges:

The Other Charges set forth in Appendix C shall be charged to Customer, if applicable.

CONTRACT

Customer shall enter into a written contract, which specifies the hourly and daily maximum gas requirements of Customer, and any other terms reasonably required by Company. The contract shall have an initial term of not less than one year and shall automatically extend for succeeding annual terms thereafter, subject to cancellation by either party after written notice submitted not less than ninety days prior to the end of the initial term or any succeeding annual term. However, in no event shall the contract expire during the Winter Season, unless such mid-winter termination date is mutually agreed upon.

Effective:

RATE 170

CONTRACT TRANSPORTATION SERVICE

GAS TRANSPORTATION PROVISIONS

The following Gas Transportation Provisions are applicable to Customers entering into Transportation Service Contracts:

- (1) Transportation Customers shall be subject to the Nomination and Balancing Provisions in Appendix E, except as provided in paragraph (2) of this section.
- (2) Transportation Customers may become members of a Pool pursuant to the provisions of Rate 180, Pooling Service. If Customer designates a Pool Operator to be responsible for managing its gas supply, the nomination and balancing provisions pursuant to Appendix E shall not apply to Customer; rather, they shall apply to the Pool Operator. For purposes of calculating daily and monthly imbalances, the daily and monthly usages of all Customers within the Operator's Pool will be combined into a single Pool usage total, which will be matched against the Pool Operator's daily or monthly deliveries to its Pool. All nomination and balancing charges, including Cashout charges, penalties and like charges shall be billed to the Pool Operator. Customers shall remain individually responsible for interrupting or curtailing deliveries or usage or matching deliveries with usage when ordered to do so by the Company pursuant to this tariff for Gas Service. In the event of default of the Pool Operator, Customer shall remain liable for its portion of applicable charges, as determined by the Company after review of all available facts including documented deliveries and consumption. A Transportation Customer that has returned to individual Transportation Service from Pooling Service may not return to Pooling Service for a period of two months unless expressly authorized by Company.
- (3) Transportation Customer, at its expense, shall provide and maintain on the Premises at the meter location electric and telephone service as required by Company for the operation of Company-Owned electronic gas measurement devices and related communications equipment. If Customer's telephone line is frequently not available when Company seeks to obtain measurement data, Company may require Customer to provide a dedicated telephone line in order to continue Transportation Service under this Rate Schedule.
- (4) To compensate for unaccounted for gas, the quantity of gas available to Transportation Customer on a daily basis shall be equal to the quantity of gas delivered into the Company's distribution system at the point of receipt for the account of the Customer, reduced by a Unaccounted For Gas Percentage as set forth in Appendix F.
- (5) Transportation Customers must have all required regulatory approvals related to transportation of Customer-Delivered Gas.

TERMS AND RENDERED CONDITIONS

Gas Service rendered under this Rate Schedule shall be subject to Company's General Terms and Conditions and the Commission's Regulations.

RATE 180 **POOLING SERVICE**

APPLICABILITY

Pooling Service is an optional service applicable to any Pool Operator and any Transportation Customer under Rates 145, 160, or 170 that designates a Pool Operator to manage its gas supplies as part of an aggregated Customer Pool.

CHARACTER OF SERVICE

This Rate Schedule applies to the provision of Pooling Service for Transportation Customers. Pool Operator and electing Transportation Customer are subject to provisions of this Rate Schedule.

Pool Operator shall deliver to the Company gas supplies needed to satisfy the daily and monthly usage requirement of Pool Operator's Pool Customers in accordance with the requirements set forth in this Rate Schedule, Appendix E, and in the Pooling Agreement. Pooling will not be permitted across multiple operational systems unless approved in advance by the Company.

Pool Operator shall provide nominations for its aggregated Pool Customers' deliveries. For purposes of calculating daily and monthly imbalances, the usages of all Customers within a Pool will be combined into a single Pool usage total, which will be matched against the Pool Operator's total pipeline deliveries for such Pool.

Pool Operator shall be responsible for complying with Operational Flow Orders, daily and monthly balancing, and the payment of any daily and monthly imbalance Cashouts, and applicable charges. Transportation Customer shall remain responsible for all charges under its applicable Rate Schedule 145, 160, or 170.

Imbalance trading provided for in Appendix E allows Pool Operator to trade imbalances to minimize otherwise applicable imbalance charges.

SUMMARY OF CHARGES

Pool Operator's Bill shall be rendered monthly, and shall consist of the following charges, as applicable:

Financial Evaluation Fee:

\$50 for the initial and each subsequent Pool Operator financial evaluation performed by Company.

Administrative Fee: Pool Operator shall be assessed a monthly Administrative Fee of \$100 for each Pool.

Nomination and Balancing Charges: All nomination and balancing charges and imbalance trading charges associated with Pool Operator's Pool, including those listed in Appendix E, Nomination and Balancing Provisions, shall be billed to Pool Operator each month.

Effective:

RATE 180 **POOLING SERVICE**

Related Charges: Pool Operator shall reimburse Company for all charges incurred in connection with interstate pipeline transportation of Pool Operator-Delivered Gas including any gas costs, penalty charges, or Cashouts.

Late Payment Charge: Payment by Pool Operator shall be due seventeen (17) days from the date of issuance of the Bill. Company or an authorized agent must receive payment of the total amount due by the due date shown on the Pool Operator's Bill. If Pool Operator does not pay the total amount due by the date shown, an additional amount equal to one percent (1%) of the total unpaid balance shall also become due and payable. For each subsequent month, or portion thereof, of non-payment, an additional charge of one percent of the total unpaid balance shall be assessed.

Insufficient Funds Check Charge: For each check of Pool Operator returned by any bank due to insufficient funds, Pool Operator shall be charged \$25.00 to cover a part of the cost of processing such check.

PROVISIONS AND REQUIREMENTS FOR TRANSPORTATION CUSTOMER PARTICIPATION

Transportation Customer shall comply with the following provisions and requirements:

Contract: Customer shall enter into a contract with Company that designates its selected Pool Operator from a list of approved Pool Operators that have signed Pooling Agreements with the Company and who comply with the provisions of this Rate Schedule. Such elections will carry over from month to month unless Customer and Pool Operator notify the Company of any change at least ten (10) business days prior to the start of a new month.

Initiation of Pooling Service: An existing Rate 145, 160, or 170 Transportation Customer that desires to begin utilizing Pooling Service under this Rate Schedule shall do so effective with the Customer's next meter reading date.

Customer's prior delinquencies must be cured prior to commencing participation in Pooling Service, unless otherwise agreed to in advance by Company.

Customer shall eliminate any existing over-delivery or under-delivery quantities via a Cashout with the Company prior to commencing participation in Pooling Service, as follows:

- (1) If Customer has an ending under-delivery quantity, Customer shall pay Company for each Dekatherm of under-delivery quantity at a price equal to the average of the previous six-months' Monthly Average Index Charges (as defined in Appendix E) plus applicable taxes.
- (2) If Customer has an ending over-delivery quantity, Company shall pay Customer for each Dekatherm of Over-delivery quantity at a price equal to the average of the previous six-months' Monthly Average Index Charges (as defined in Appendix E).

Effective:

RATE 180 **POOLING SERVICE**

PROVISIONS AND REQUIREMENTS FOR POOL OPERATOR PARTICIPATION

Pool Operator shall comply with the following provisions:

Contract:

Pool Operator must enter into a written Pooling Agreement with Company. Such Pooling Agreement shall set forth specific covenants and obligations undertaken by the Company and Pool Operator under this Rate Schedule on behalf of the Pool's Customers. The Pooling Agreement shall have an initial term of not less than one year and shall automatically extend for succeeding annual terms thereafter subject to cancellation by either party after written notice submitted not less than ninety days prior to the end of the initial term or any succeeding annual term. However, in no event shall the Contract expire during the Winter Season, unless such mid-winter termination date is mutually agreed upon, or Pool Operator fails to perform its responsibilities hereunder and Company elects to terminate Pool Operator's Participation hereunder.

Creditworthiness Standards and Requirements:

In order to qualify for participation under the Pooling Service, Pool Operator must pass an initial Financial evaluation performed by Company, and any such subsequent evaluation(s) deemed appropriate by the Company, to ensure that Pool Operator possesses sufficient resources to perform its responsibilities and to ensure financial performance under this Rate Schedule. In addition, if the Pool Operator's participation in the Pooling Service was previously terminated due to Pool Operator's non-compliance, Pool Operator shall provide information acceptable to the Company that such cause for non-compliance has been corrected and will be avoided in the future. All prior delinquencies must be cured prior to commencing participation in the Pooling Service. Moreover, any and all charges from previous non-compliance shall be corrected prior to participation in the Pooling Service.

Pool Operator must complete and sign the Company's Pool Operator Registration Form and Credit Application to be considered for participation in the Pooling Service. A Pool Operator desiring to participate in the Pooling Service will be evaluated by the Company to establish credit levels acceptable to the Company. The Company will apply, on a non-discriminatory basis, reasonable financial standards to assess and examine a Pool Operator's creditworthiness. These standards will take into consideration the scope of the operations of each Pool Operator and the level of risk to the Company. In order to pass the Company's financial evaluation, a Pool Operator may be required to provide security, the form and amount of which shall be specified by the Company.

Financial evaluations will be based on standard credit factors such as financial and credit ratings, trade references, bank information, unused line of credit, Pool Customers' payment histories, and related financial information that has been independently audited, if available. The Company shall determine creditworthiness based on the above criteria, and will not deny a Pool Operator's participation in the Pooling Service without reasonable cause.

RATE 180 **POOLING SERVICE**

The Company reserves the right to conduct a financial re-evaluation of Pool Operator from time to time. Such re-evaluation may be initiated either by a request from the Pool Operator, or by the Company if the Company reasonably believes that the creditworthiness of a Pool Operator may have changed or that the operating environment or other conditions may have changed that may have increased the risks posed by operations of the Pool. Based on such re-evaluation, a Pool Operator's level of participation may be increased or decreased, additional security may be required, or the Pool Operator may be removed from further participation in the Pooling Service.

Unaccounted For Gas Percentage:

To compensate for unaccounted for gas, the quantity of gas available to the Pool Customers on a daily basis shall be equal to the quantity of gas delivered into the Company's distribution system at the point of receipt by the Pool Operator for the Pool Customers, reduced by a Unaccounted For Gas Percentage as set forth in Appendix F.

Nomination and Balancing Procedures:

Pool Operator shall be subject to the Nomination and Balancing Provisions in Appendix E.

Curtailment Provisions:

Pool Operator shall be subject to the Curtailment Procedures in Company's Terms and Conditions.

Required Regulatory Approvals:

Pool Operator must comply with all state and federal regulations related to its transportation of Pool Operator-Delivered Gas.

Termination of Pooling Service Participation:

A Pool Operator that ceases participation in Pooling Service shall eliminate any existing over-delivery or under-delivery quantities via a Cashout with the Company, as follows:

- (1) If Pool Operator has an ending net under-delivery quantity, Pool Operator shall pay Company for each Dekatherm of under-delivery quantity at a price equal to the average of the previous six months' Monthly Average Index Charges (as defined in Appendix E) plus applicable taxes.
- (2) If Pool Operator has an ending over-delivery quantity, Company shall pay Pool Operator for each Dekatherm of over-delivery quantity at a price equal to the average of the previous six months' Monthly Average Index Charges (as defined in Appendix E).

WAIVER OF CHARGES

In its reasonable discretion, on a case-by-case basis, Company may waive all or part of any Charge assessable to Pool Operator or Transportation Customer pursuant to this Rate Schedule, provided, however, that the waiver of such charge shall be exercised on a non-discriminatory basis.

TERMS AND CONDITIONS

Gas Service rendered under this Rate Schedule shall be subject to Company's General Terms and Conditions and the Commission's Regulations.

RATE 185

SCHOOL POOLING SERVICE

APPLICABILITY

School Pooling Service is an optional service applicable to any School Supplier that has applied for and been approved under the Creditworthiness Standards and Requirements herein.

CHARACTER OF SERVICE

This Rate Schedule applies to the provision of School Pooling Service for Rate 125, School Transportation Service Customers.

School Supplier shall deliver to the Company gas supplies needed to satisfy the daily and monthly usage requirement of School Supplier's Pool Customers in accordance with the requirements set forth in this Rate Schedule, Appendix J, and the School Pooling Agreement. Pooling will not be permitted across multiple operational systems or transportation programs unless approved in advance by Company.

School Supplier shall provide nominations for its aggregated School Pool Customers' deliveries. For purposes of calculating daily imbalances, the School Pool's DDQ will be matched against the School Supplier's total pipeline deliveries for such Pool.

School Supplier shall be responsible for complying with Operational Flow Orders, daily balancing, and the payment of any daily imbalance Cashouts, and applicable charges.

Imbalance trading provided for in Appendix J allows School Supplier to trade imbalances to minimize otherwise applicable imbalance charges.

SUMMARY OF CHARGES

School Supplier's Bill shall be rendered monthly, and shall consist of the following charges, as applicable:

Financial Evaluation Fee:

\$50 for the initial and each subsequent School Supplier financial evaluation performed by Company.

Administrative Fee: School Supplier shall be assessed a monthly Administrative Fee of \$100 for each Pool.

Nomination and Balancing Charges: All nomination and balancing charges and imbalance trading charges associated with School Supplier's School Pool, including those listed in Appendix J, School Nomination and Balancing Provisions, shall be billed to School Supplier each month.

Nomination Error Charge:

School Supplier shall pay a Nomination Error Charge of \$0.50 per Dekatherm on the quantity difference between School Supplier's Daily Transportation Nomination and the confirmed deliveries under School Supplier's Daily Pipeline Nomination for each day such difference occurs.

DDQ Non-Compliance Charge:

\$1 per Dth on days in which no Operational Flow Order (OFO) is in effect (provided no alternate arrangements are made with Company) against the daily difference between the Pool's DDQ and aggregate deliveries.

Effective:

RATE 185

SCHOOL POOLING SERVICE

City Gate Allocation Non-Compliance Charge:

\$1 per Dth on the quantity difference if School Supplier's Daily Pipeline Nomination is less than the minimum or greater than the maximum city gate allocation requirements.

OFO Non-Compliance Charge:

\$10 per Dth applied to the difference between School Supplier's DDQ and actual deliveries if School Supplier over-delivers on days in which a Warm Weather OFO is in effect or under-delivers on days in which a Cold Weather OFO is in effect.

Related Charges: School Supplier shall reimburse Company for all charges incurred by Company in connection with interstate pipeline transportation of School Supplier-Delivered Gas including any gas costs, penalty charges, or Cashouts.

Late Payment Charge: Payment by School Supplier shall be due seventeen (17) days from the date of issuance of the Bill. Company or an authorized agent must receive payment of the total amount due by the due date shown on the School Supplier's Bill. If School Supplier does not pay the total amount due by the date shown, an additional amount equal to one percent (1%) of the total unpaid balance shall also become due and payable. For each subsequent month, or portion thereof, of non-payment, an additional charge of one percent of the total unpaid balance shall be assessed.

Insufficient Funds Check Charge: For each check of School Supplier returned by any bank due to insufficient funds, School Supplier shall be charged as set forth in Appendix C, Other Charges to cover a portion of the cost of processing such check.

PROVISIONS AND REQUIREMENTS FOR SCHOOL SUPPLIER PARTICIPATION

School Supplier shall comply with the following provisions:

Contract:

School Supplier must enter into a written School Pooling Agreement with Company. Such School Pooling Agreement shall set forth specific covenants and obligations undertaken by Company and School Supplier under this Rate Schedule on behalf of the School Supplier's Pool Customers. The School Pooling Agreement shall have an initial term of not less than one year and shall automatically extend for succeeding annual terms thereafter subject to cancellation by either party after written notice submitted not less than ninety days prior to the end of the initial term or any succeeding annual term. However, in no event shall the School Pooling Agreement expire during the Winter Season, unless such mid-winter termination date is mutually agreed upon, or School Supplier fails to perform its responsibilities hereunder and Company elects to terminate School Supplier's participation hereunder.

School Supplier must provide written notice to Company of Customers joining its pool, or Customers leaving their pool, 10 business days prior to the first of the month. The effective date for Customers joining or leaving pools will be Customer's read date the following month.

RATE 185

SCHOOL POOLING SERVICE

Creditworthiness Standards and Requirements:

In order to qualify for participation under the School Pooling Service, School Supplier must pass an initial financial evaluation performed by Company, and any such subsequent evaluation(s) deemed appropriate by Company, to ensure that School Supplier possesses sufficient resources to perform its responsibilities and to ensure financial performance under this Rate Schedule. In addition, if School Supplier's participation in School Pooling Service was previously terminated due to School Supplier's non-compliance, School Supplier shall provide information acceptable to Company that such cause for non-compliance has been corrected and will be avoided in the future. All prior delinquencies must be cured prior to commencing participation in the School Pooling Service. Moreover, any and all charges from previous non-compliance shall be corrected prior to participation in the School Pooling Service.

School Supplier must complete and sign the Company's School Supplier Registration Form and Credit Application to be considered for participation in the School Pooling Service. A School Supplier desiring to participate in the School Pooling Service will be evaluated by the Company to establish credit levels acceptable to the Company. The Company will apply, on a non-discriminatory basis, reasonable financial standards to assess and examine a School Supplier's creditworthiness. These standards will take into consideration the scope of the operations of each School Supplier and the level of risk to Company. In order to pass Company's financial evaluation, School Supplier may be required to provide security, the form and amount of which shall be specified by Company.

Financial evaluations will be based on standard credit factors such as financial and credit ratings, trade references, bank information, unused line of credit, Pool Customers' payment histories, and related financial information that has been independently audited, if available. Company shall determine creditworthiness based on the above criteria, and will not deny School Supplier's participation in the School Pooling Service without reasonable cause.

Company reserves the right to conduct a financial re-evaluation of School Supplier from time to time. Such re-evaluation may be initiated either by a request from School Supplier, or by Company if Company reasonably believes that the creditworthiness of School Supplier may have changed or that the operating environment or other conditions may have changed that may have increased the risks posed by operations of the Pool. Based on such re-evaluation, School Supplier's level of participation may be increased or decreased, additional security may be required, or School Supplier may be removed from further participation in School Pooling Service.

School Supplier Code of Conduct

Each School Supplier participating in School Pooling Service shall:

1. Communicate to Customers, in clear, understandable terms, Customers' rights and responsibilities. This communication shall include: 1) School Supplier's customer service address, local or toll-free telephone number and hours of operation; and 2) a statement describing the procedures for handling complaints and disputes.
2. Provide in writing, pricing and payment terms that are clear and understandable and inform Customers whether the price that Customer will pay is inclusive or exclusive of applicable taxes.

Effective:

RATE 185

SCHOOL POOLING SERVICE

3. Refrain from engaging in communications, acts or practices that are fraudulent, deceptive, misleading, unfair, or unconscionable.
4. Deliver gas to Company on a firm basis on behalf of the School Supplier's Pool Customers in accordance with the requirements of Rate 185 and the School Pooling Agreement.
5. Establish and maintain a creditworthy financial position to enable School Supplier to indemnify Company for costs incurred as a result of any failure by School Supplier to deliver gas or pay invoices in accordance with the requirements of this Rate Schedule.
6. Make good faith efforts to resolve all disputes between School Supplier and its Pool Customers and to cooperate with resolution of any joint issues with Company.

Failure to fulfill any of these obligations shall be considered a violation of the School Supplier Code of Conduct, subject to consequences set forth in the Consequences of School Supplier's Failure to Perform or Comply section of the following Terms and Conditions.

Required Regulatory Approvals:

School Supplier must comply with all state and federal regulations related to its transportation of School Supplier-Delivered Gas.

TERMS AND CONDITIONS

Unaccounted for Percentage:

School Supplier shall compensate Company for unaccounted for gas. The quantity of gas available to School Supplier's Pool Customers on a daily basis shall be equal to the quantity of gas delivered for Pool Customers into Company's distribution system at the point of receipt, reduced by an Unaccounted For Gas Percentage as set forth in Appendix F.

Nomination and Balancing Procedures:

School Supplier shall be subject to the School Nomination and Balancing Provisions in Appendix J.

Comparable Firm Capacity Requirement:

Each month, School Supplier agrees to secure sufficient firm interstate pipeline capacity with primary delivery points to Company's city gates and firm supply to meet 100% of that month's Peak Design Day Demand of its Pool Customers.

On a daily basis, Company will provide School Supplier with the revised Peak Design Day Demand for School Supplier's Pool effective the following day. This volume will change over time as necessary to reflect Customers joining and/or leaving School Supplier's Pool and any changes in Company's peak design day demand parameters.

Company may periodically verify School Supplier's compliance with this Comparable Firm Capacity Requirement. School Supplier will provide to Company upon request copies of contracts for upstream pipeline capacity not assigned by Company and supply contracts showing the firm quantities reserved or purchased and the specific points of delivery. If School Supplier is securing firm city gate supplies, School Supplier shall provide a copy of such firm supply agreement, and additional documentation as required by Company to confirm compliance of the applicable interstate pipeline capacity.

Effective:

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SCHOOL POOLING SERVICE

If Company identifies a firm capacity deficiency, such deficiency shall be resolved to Company's satisfaction by one or a combination of the following, at School Supplier's discretion: 1) immediate acquisition by School Supplier of additional firm pipeline capacity, 2) assignment to School Supplier of Company's available pipeline capacity, 3) delayed enrollment of new Pool Customers, 4) return of existing Pool Customers to Company's Sales Service, or 5) transfer of Pool Customers to another School Supplier. If Company identifies a firm supply deficiency, such deficiency shall be resolved to Company's satisfaction by one or a combination of the following, at School Supplier's discretion: 1) immediate acquisition by School Supplier of additional firm supply, 2) delayed enrollment of new Pool Customers, 3) return of existing Pool Customers to Company's Sales Service, or 4) transfer of Pool Customers to another School Supplier.

Assignment of Pipeline Capacity:

School Supplier may seek assignment of Company's firm interstate pipeline capacity for meeting some portion of the usage requirements of School Supplier's Pool Customers. Company may decline to assign firm transportation and/or storage capacity if such capacity is needed to meet the needs of its Sales Service Customers or to perform the operational balancing function.

School Supplier shall take direct assignment of specific interstate pipeline firm transportation and/or storage capacity for a term, unless otherwise agreed to by Company, which is the lesser of: 1) the term of the School Pooling Agreement, or 2) the remaining term of the service agreement with the interstate pipeline applicable to such capacity, less one day, subject to Company's right of capacity recall contained elsewhere in these Terms and Conditions. Specific terms and conditions of any capacity assignment will be negotiated between School Supplier and Company, or its agent, including length of term, price, and recall timing, subject to FERC requirements for capacity release.

School Supplier may not change any primary points of receipt or delivery associated with assigned pipeline transportation contracts during the term of the capacity assignment. In addition, for specific parcels of capacity identified by Company, School Supplier may not utilize any delivery point other than those primary and secondary points identified by Company unless the capacity is released at the pipeline's full tariff rate or unless an alternate capacity billing arrangement is agreed to by School Supplier and Company. The assigned capacity is subject to recall at any time if School Supplier does not perform in accordance with the School Pooling Agreement or fails to comply with the School Supplier Code of Conduct and other provisions set forth in these Terms and Conditions.

School Supplier may re-release any capacity assigned to it hereunder, provided that: 1) School Supplier will continue to be responsible to Company for payment of all pipeline charges associated with the assigned capacity; 2) any re-release of such capacity remains subject to the restrictions identified in the Assignment of Pipeline Capacity section; and 3) the capacity is not needed to satisfy the School Supplier's Pool's DDQ on such day(s). School Supplier may use other firm pipeline capacity to accomplish its DDQ and re-release portions of its assigned pipeline capacity, subject to the previously mentioned restrictions.

RATE 185

SCHOOL POOLING SERVICE

Company Demand Forecast:

Company shall forecast each School Pool's Peak Design Day Demand and Expected Demand based upon Company's design day and forecasted weather, respectively, the number of Customers in the Pool, and the historic usage characteristics of the Pool Customers.

Curtailment Provisions:

School Supplier shall be subject to the Curtailment Procedures in Company's General Terms and Conditions Applicable to Gas Service, Rule 24.

Consequences of School Supplier's Failure to Perform or Comply

If School Supplier fails to deliver gas in accordance with the requirement of the School Pooling Agreement, or otherwise fails to comply with the provisions of this Rate Schedule, Company shall have the discretion to initiate the process to suspend temporarily or terminate such School Supplier's further participation for the applicable Pool.

If School Supplier is suspended or expelled from the School Pooling Service relative to a specific Pool, Customers in such Pool shall revert to Company's Sales Service, unless and until said Customers join another School Supplier's Pool. Any termination or cancellation of the School Pooling Agreement relative to some or all of the School Supplier's Pools and pursuant to any provision of this section shall be without waiver of any remedy, whether at law or in equity, to which the part not in default otherwise may be entitled for breach of the School Pooling Agreement.

School Supplier Operator Withdrawal or Termination:

If School Supplier in total or for a specific Pool is restricted from further participation in the School Pooling Service or elects to withdraw from the School Pooling Service, Company shall have the right to recall all pipeline capacity then assigned to School Supplier by Company associated with the specific Pool(s) in accordance with the terms of the release agreement, and have first rights to any additional pipeline capacity the School Supplier utilizes for delivery to Company's city-gate.

School Supplier shall remain responsible for the differences between the market value of the assigned pipeline capacity and the full demand charges applicable to such capacity until the earliest normal expiration date of the School Pooling Agreement, which shall constitute liquidated damages. Upon withdrawal or termination, any Over-Delivery Imbalance Quantity or Under-Delivery Imbalance Quantity shall be resolved through the purchase or sale of volumes at the price set out in the Volume Reconciliation section of Appendix J.

Other

Gas Service rendered under this Rate Schedule shall be subject to Company's General Terms and Conditions and the Commission's Regulations.

RATE 190 **STORAGE SERVICE**

AVAILABILITY

This Rate Schedule shall be available throughout the Company's Service Area, subject to the availability of accessible storage capacity which determination shall be in the Company's reasonable discretion.

APPLICABILITY

This Rate Schedule is applicable to Transportation Customers electing service hereunder.

CHARACTER OF SERVICE

This Rate Schedule applies to the provision of Storage Service.

RATES AND CHARGES

The monthly Rates and Charges for Gas Service under this Rate Schedule shall be:

Capacity Charge: The Capacity Charge each month shall be \$1.1527 per Dekatherm multiplied by the Maximum Daily Quantity.

Inventory Charge:

The Inventory Charge shall be \$0.0105 per Dekatherm multiplied by the average inventory balance of gas that Company has held for Customer's account during the month. The average inventory balance shall be the average of the Dekatherms of gas held for the Customer's account during each day of the month.

Injection Retention:

Company shall retain 0.8% of the Dekatherms of gas designated by Customer during the month for injection into Company's storage facilities for Customer's account.

Minimum Monthly Charge:

The Minimum Monthly Charge shall be the sum of the Inventory Charge and the Capacity Charge.

Other Charges:

The Other Charges set forth in Appendix C shall be charged to Customer, if applicable.

CONTRACT

Prior to initiation of Storage Service, a written contract shall be executed between Company and Customer. The contract shall specify Customer's Maximum Daily Quantity in Dekatherms. The contract shall have a minimum term of not less than one year and shall automatically extend for succeeding annual terms thereafter, subject to cancellation by either party after written notice submitted not less than ninety days prior to the end of the initial term or any succeeding annual term. However, in no event shall the contract expire during the Winter Season, unless such mid-winter termination date is mutually agreed upon.

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TARIFF SHEET INDEX

Tariff
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3	LOCATIONS SERVED
4	DEFINITIONS
5-9	RESERVED FOR FUTURE USE

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RATE SCHEDULES

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APPENDIX

APPENDICES

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31	B	NORMAL TEMPERATURE ADJUSTMENT
32	C	OTHER CHARGES
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34	E	NOMINATION AND BALANCING PROVISIONS
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LOCATIONS SERVED

Cities, Towns and Unincorporated Communities

Alford
Algiers
Bicknell
Blairsville
Boonville
Bruceville
Buckskin
Cannelburg
Chandler
Chrisney
Cynthiana
Darmstadt
Daylight
Dayville
Decker
Earle
Edwardsport
Elberfeld
Evansville
Francisco
Freelandville
Ft. Branch
Griffin
Hatfield

Haubstadt
Hazleton
Inglefield
Kasson
Loogootee
Lynnville
Mackey
McCutchanville
Midway
Monroe City
Montgomery
Mt. Vernon
New Harmony
Newburgh
Oakland City
Oaktown
Otwell
Owensville
Paradise
Patoka
Petersburg
Poseyville
Princeton
Richland City

Rockport
Sandborn
Somerville
Spurgeon
St. James
St. Joseph
St. Phillips
St. Wendel
Stendal
Stevenson Station
Stewartsville
Tennyson
Upton
Velpen
Vincennes
Wadesville
Warrenton
Washington
Westphalia
Wheatland
Yankeetown

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LOCATIONS SERVED

Locations Served by County

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Daviess

Cannelburg
Montgomery
Washington

Gibson

Buckskin
Francisco
Ft. Branch
Haubstadt
Hazleton
Mackey
Oakland City
Owensville
Patoka
Princeton
Somerville
St James
Warrenton

Knox

Bicknell
Bruceville
Decker
Edwardsport
Freelandville
Monroe City
Oaktown
Sandborn
Vincennes
Westphalia
Wheatland

Martin

Loogootee

Pike

Alford
Alers
Otwell
Petersburg
Spurgeon
Stendel
Velpen

Posey

Blairsville
Cynthiana
Griffin
Mt. Vernon
New Harmony
Poseyville
St. Phillips
St. Wendel
Stewartsville
Upton
Wadesville

Spencer

Chrisney
Hatfield
Midway
Richland City
Rockport

Vanderburgh

Darmstadt
Daylight
Earle
Evansville
Inglefield
Kasson
McCutchanville
St. Joseph

Warrick

Boonville
Chandler
Dayville
Elberfeld
Lynnville
Newburgh
Paradise
Stevenson Station
Yankeetown

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DEFINITIONS

Except where the context requires otherwise, the following terms shall have the meanings defined below when used in this Tariff for Gas Service:

Abbreviations:

Btu – British Thermal Unit
Ccf – Hundred Cubic Feet
Cf – Cubic Foot
Cfh – Cubic Feet per Hour
Dth – Dekatherm
FERC – Federal Energy Regulatory Commission
GCA – Gas Cost Adjustment
IURC – Indiana Utility Regulatory Commission
Mcf – Thousand Cubic Feet
OUC – Indiana Office of Utility Consumer Counselor
PSIG – Pounds per square inch gauge

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Alternate Fuel – The form of energy used by Customer in place of Gas Service during Curtailment Periods. Gas Service provided by Company under another Rate Schedule shall not qualify as an Alternate Fuel.

Annual Usage – Customer's actual total gas usage for the most recent twelve consecutive billing months or Company's estimate of Customer's total gas usage for twelve consecutive billing months when actual usage information is not available.

Bill – An itemized list or statement of fees and charges for Gas Service, Contract Services, or other services provided by Company. A Bill may be rendered by mail or by electronic means.

British Thermal Unit – The average amount of heat necessary to increase the temperature of one pound of water by 1° Fahrenheit in the temperature range of 32° to 212° Fahrenheit at 14.73 pounds per square inch absolute pressure.

Btu Adjustment Factor – The average Btu content of gas supplied to Customer, as determined periodically by Company, which is applied to Customer's metered volumetric usage to determine therm usage for billing purposes.

Bypass – A direct or indirect interconnection of Customer's Premises with another supplier of gas service resulting in the displacement of or substantial reduction in Gas Service provided by Company.

Cashout – The monetary settlement of over-delivery and under-delivery gas imbalances between Company and Pool Operators, School Suppliers, or Transportation Customers.

Central Clock Time (CCT) – Central Daylight Time when daylight savings time is in effect and Central Standard Time when daylight savings time is not in effect.

Compressed Natural Gas (CNG) – Natural gas that has been compressed to approximately 2,400-3,600 pounds per square inch for subsequent use in Natural Gas Vehicles.

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DEFINITIONS

Commercial Customer – Any Customer primarily engaged in wholesale or retail trade and services (including central heating and air conditioning facilities of apartment complexes), any local, state and federal governmental agency, and any Customer not covered by another classification. When Gas Service is supplied through one meter to an apartment house or multiple dwelling, the service shall be classified as Commercial, in which case the applicable Non-Residential service Rate Schedule shall apply.

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Commission – The Indiana Utility Regulatory Commission.

Commission's Regulations – The Rules, Regulations and Standards of Service for Gas Public Utilities in Indiana, as promulgated from time to time by the Commission.

Company – Southern Indiana Gas and Electric Company d/b/a Vectren Energy Delivery of Indiana, Inc. (Vectren South).

Company-Supplied Gas – Gas purchased by Company for resale to Customer.

Deleted: and distributed to Customer for end-use

Company's General Terms and Conditions – General Terms and Conditions Applicable to Gas Service, as amended from time to time, and as approved by the Commission as part of this Tariff for Gas Service.

Curtailement – The interruption or limitation of the Gas Service available to Customer pursuant to Company's Curtailement Procedures.

Curtailement Period – The period of time, as specified by Company, during which Gas Service is subject to Curtailement.

Curtailement Procedures – Rule 24 of Company's General Terms and Conditions.

Customer – Any individual, partnership, association, firm, public or private corporation or any other entity receiving Gas Service provided by Company with its consent. A Customer shall include any person receiving Gas Service from Company irrespective of whether that person is the individual in whose name the Gas Service is being received.

Customer-Delivered Gas – Gas delivered by Customer, or on Customer's behalf, to Company's distribution system.

Daily Pipeline Nomination – Nomination made by School Supplier on pipeline's EBB indicating the quantity of gas being delivered to Company's city gate.

Daily Transportation Nomination – Nomination made by School Supplier on Company's EBB indicating the quantity of gas being delivered to Company's city gate.

Directed Delivery Quantity (DDQ) - The daily quantity of gas in Dth that School Supplier must deliver to Company's city gates, as specified by Company, to meet the Expected Demand of School Supplier's Pool, adjusted for prior imbalances associated with volume reconciliations, operating constraints, system knowledge/experience, and Company's Unaccounted for Gas Percentage.

Educational Institution – An institution administering or providing educational programs from kindergarten through post-secondary level.

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DEFINITIONS

Electronic Bulletin Board (EBB or Extranet) – Company's electronic communications software that facilitates nominations, confirmation and other administrative functions associated with Transportation Service.

Expected Demand – A School Supplier's Pool's forecasted usage for a particular gas day, as determined by Company.

Gas Cost Adjustment – Gas cost recovery process approved for the Company through various Commission orders, including the Commission's generic orders in Cause No. 37091.

Gas Service – The availability of natural gas or a mixture of natural gas and other compatible gases at Company's point of delivery to Customer, irrespective of whether any such gas is actually consumed.

Deleted: provision by Company under a specific Rate Schedule

Group 1 – Company's designation for a Customer served by a meter with a rated capacity of 450 Cfh or less.

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Group 2 – Company's designation for a Customer served by a meter with a rated capacity of greater than 450 Cfh and less than 5000 Cfh.

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Group 3 – Company's designation for a Customer served by a meter with a rated capacity of 5000 Cfh or greater.

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Heating Degree-Day – A standard measure of the coldness of the temperatures experienced, based on the extent to which the daily mean temperature falls below a reference temperature of 65° Fahrenheit.

Industrial Customer – A Customer primarily engaged in a process that creates or changes raw or unfinished materials into another form or product.

Interruptible Service – Gas Sales Service subject to Curtailment and requiring Customer to maintain Alternative Fuel capability.

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Maximum Daily Usage – Customer's maximum actual gas usage or Company's estimate of Customer's maximum gas usage for any 24 hour period.

Non-Residential Customer – Any Customer that is not a Residential Customer.

Non-Gas Cost Revenue – Revenue received by Company from Customer, excluding gas costs such as pipeline storage and transportation costs, commodity gas costs, and other gas costs recovered through the Gas Cost Adjustment.

Operational Flow Order (OFO) – An order issued by the Company via its EBB, fax machine, or telephone directing Pool Operator, School Supplier or Transportation Customer to deliver specific quantities of gas via specific pipelines.

Deleted: Other Charges – Charges common to all Rate Schedules, relating to late payments, reconnection of service, returned checks, and unauthorized or fraudulent gas usage.¶

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DEFINITIONS

Operating System – Any portion of Company's distribution system for which gas deliveries and gas demands must be balanced separately from other portions of the distribution system, due to operational and contractual limitations.

Peak Design Day Demand – the then-effective forecasted peak design day usage of a Customer Pool as calculated and communicated by Company.

Pool – A group of Transportation Customers who have been aggregated by a Pool Operator or School Supplier for gas supply management purposes.

Pool Operator – A marketer, supplier, or Transportation Customer(s) that provides gas supply management for a Pool.

Pool Operator-Delivered Gas – Gas delivered by a Pool Operator, or on behalf of a Pool Operator, to Company's distribution system.

Premises – The main residence or living quarters for a Residential Customer, or the main building of a Commercial or Industrial Customer. The Premises shall include the outlying or adjacent buildings used by the same Customer, provided the use of Gas Service in the outlying or adjacent building(s) is supplemental to the service used in the main residence, main living quarters, or main building of Customer.

Rate Schedule – A Gas Service applicable to a particular classification of Customer with specific Availability, Applicability, Character of Service, Rates and Charges, and Terms and Conditions.

Residential Customer – Customer using Gas Service primarily for a single family dwelling unit, mobile home, apartment unit or condominium.

Deleted: When Gas Service is supplied through one meter to an apartment house or multiple dwelling, the service shall be classified as Commercial, in which case the applicable non-residential service Rate Schedule shall apply.

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Sales Customer – A Customer receiving Sales Service from Company.

Sales Service – Gas Service involving the delivery by Company to Customer of Company-Supplied Gas.

School Supplier – A gas supplier that provides gas supply management for a Pool of Customers for which an Educational Institution is responsible for payment of rates and charges to Company.

School Pooling Agreement – An agreement between Company and School Supplier that defines the mutual responsibilities and obligations of those parties relative to services provided under Rate 185-School Pooling Service.

School Supplier-Delivered Gas – Gas delivered by a School Supplier, or on behalf of a School Supplier, to Company's distribution system.

School Transportation Agreement – written agreement between Company and Educational Institution defining Terms and Conditions of the Educational Institution's Gas Service.

Service Area – Areas in which Company has Gas Service available or may offer Gas Service, as certified by the Commission.

Spaceheating Customer – Any Customer receiving Gas Service, any part of which Customer uses as fuel for the heating of some portion or all of Customer's Premises.

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DEFINITIONS

Storage Service – Gas Service involving the on-system storage and redelivery by Company to Customer of Customer-Delivered gas.

Summer Season – The months of April through October, inclusive.

Therm – 100,000 Btu.

Throughput – The sum of Sales and Transportation Service quantities.

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Transportation Customer – A Customer receiving Transportation Service from Company.

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Transportation Service – Gas Service involving the delivery by Company to Customer of Customer-Delivered, School Supplier-Delivered or Pool Operator-Delivered gas.

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Winter Season – The months of November through March, inclusive.

Effective:

RATE 110 **RESIDENTIAL SALES SERVICE**

AVAILABILITY

This Rate Schedule shall be available throughout the Company's Service Area, subject to the availability of adequate facilities and gas supplies, which determinations shall be within Company's reasonable discretion.

APPLICABILITY

This Rate Schedule shall be applicable only to Residential Customers.

CHARACTER OF SERVICE

This Rate Schedule applies to the provision of Sales Service. Transportation Service is not provided under this Rate Schedule. Gas Service provided hereunder shall be metered and billed separately from Gas Service provided under any other Rate Schedule.

RATES AND CHARGES

The monthly Rates and Charges for Gas Service under this Rate Schedule shall be:

Customer Facilities Charge:

~~\$11.00~~

Distribution Charge:

First 50 therms @ \$0.1841 per therm

Over 50 therms @ \$0.1488 per therm

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Appendices:

The following Appendices shall be applied monthly:

- Appendix A – Gas Cost Adjustment
- Appendix B – Normal Temperature Adjustment
- Appendix G – Universal Service Fund Adjustment
- Appendix H – Pipeline Safety Adjustment
- Appendix I – Energy Efficiency Rider

Deleted: Gas Cost Charge:¶

The Gas Cost Charge shall be as set forth on Appendix A, Gas Cost Adjustment, for each therm of metered usage.¶

¶

Pipeline Safety Adjustment:¶

The Distribution Charge shall be adjusted as set forth on Appendix H, Pipeline Safety Adjustment.

Minimum Monthly Charge:

The Minimum Monthly Charge shall be the Customer Facilities Charge.

Other Charges:

The Other Charges set forth in Appendix C shall be charged to Customer, if applicable.

TERMS AND CONDITIONS

Gas Service rendered under this Rate Schedule shall be subject to Company's General Terms and Conditions and the Commission's Regulations.

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RATE 120

GENERAL SALES SERVICE

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AVAILABILITY

This Rate Schedule shall be available throughout the Company's Service Area, subject to the availability of adequate facilities and gas supplies, which determinations shall be within Company's reasonable discretion.

APPLICABILITY

This Rate Schedule shall be applicable to any Non-Residential Customer whose Annual Usage is less than 500,000 therms and whose Maximum Daily Usage is less than 15,000 therms.

CHARACTER OF SERVICE

This Rate Schedule applies to the provision of Sales Service. Transportation Service is not provided under this Rate Schedule. Gas Service provided under this Rate Schedule shall be metered and billed separately from Gas Service provided under any other Rate Schedule.

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Deleted: available for any Customer whose Annual Usage equals or exceeds 50,000 therms.

RATE AND CHARGES

The monthly Rates and Charges for Gas Service under this Rate Schedule shall be:

Customer Facilities Charge:

Group 1: \$22.00

Group 2: \$44.00

Group 3: \$88.00

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Deleted: meter in Group 1 Meter

Deleted: \$34.00 per meter in Group 2 Meter

Deleted: \$70.00 per meter in Group 3 Meter

Distribution Charge:

First 500 Therms @ \$0.1190 per therm

Over 500 therms @ \$0.0876 per therm

Deleted: Transportation Account Charge:¶

Customers entering into Transportation Service contracts shall be subject to a monthly charge of \$75.00 per meter.¶

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Appendices:

The following Appendices shall be applied monthly:

- Appendix A – Gas Cost Adjustment
- Appendix B – Normal Temperature Adjustment
- Appendix G – Universal Service Fund Adjustment
- Appendix H – Pipeline Safety Adjustment
- Appendix I – Energy Efficiency Rider

Minimum Monthly Charge:

The Minimum Monthly Charge shall be the Customer Facilities Charge.

Deleted: Gas Cost Charge:¶

For Sales Service, the Gas Cost Charge shall be as set forth on Appendix A, Gas Cost Adjustment, for each therm of metered usage. ¶

For Transportation Service, the Gas Cost Charge shall be as set forth on Appendix A, Gas Cost Adjustment, for each therm of metered usage. ¶

¶ Pipeline Safety Adjustment:¶

The Distribution Charge shall be adjusted as set forth on Appendix H, Pipeline Safety Adjustment.¶

Other Charges:

The Other Charges set forth in Appendix C shall be charged to Customer, if applicable.

Effective:

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RATE 120 **GENERAL SALES SERVICE**

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CONTRACT

Customers with Annual Usage greater than 250,000 therms shall enter into a written contract which specifies the hourly and daily maximum gas requirements of Customer and any other terms reasonably required by Company. The contract shall have an initial term of not less than one year and shall automatically extend for succeeding annual terms thereafter, subject to cancellation by either party after written notice submitted not less than ninety days prior to the end of the initial term or any succeeding annual term. However, in no event shall the contract expire during the Winter Season, unless such mid-winter termination date is mutually agreed upon.

A Customer that returns from Rate 145 General Transportation Service to this Rate Schedule must remain on Sales Service for not less than twelve months before returning to Transportation Service unless expressly authorized by Company.

Deleted: Related Charges:¶

Customer electing Transportation Service shall reimburse Company for all charges incurred in connection with the interstate pipeline transportation of Customer-Delivered Gas, including any gas costs, penalty charges, or Cashouts.¶

Deleted: Customers electing Transportation Service under this Rate Schedule shall enter into a written contract that specifies, for information purposes only the hourly and daily maximum gas requirements of Customer, and any other terms reasonably required by Company.

CURTAILMENT

When sufficient capacity or quantities of gas are not available to Company to meet existing and reasonably anticipated demands of Customers or to protect and replenish Company's underground storage reserves, which determinations shall be within Company's reasonable discretion, Customer shall, as provided by Rule 24 and upon notice from Company, curtail use of gas to such extent and during such periods as Company shall specify.

Customer shall curtail gas usage in not more than two hours upon notice from Company directing Curtailment of Gas Service under this Rate Schedule.

Gas usage by Customer during a Curtailment period in excess of the quantity allowed shall be considered Unauthorized Gas Usage and shall be subject to the Unauthorized Gas Usage Charge set forth in Appendix C.

Deleted: GAS TRANSPORTATION PROVISIONS¶

The following Gas Transportation Provisions are applicable to Customers entering into Transportation Service contracts: ¶

¶
(1) Transportation Customers shall be subject to the Nomination and Balancing Provisions in Appendix E, except as provided in paragraph (2) of this section.¶

¶
<#>Transportation Customers may become members of a Pool pursuant to the provisions of Rate 180, Pooling Service. If Customer designates a Pool Operator to be responsible for managing its gas supply, the nomination and balancing provisions pursuant to Appendix E shall not apply to Customer; rather, they shall apply to the Pool Operator. For purposes of calculating daily and monthly imbalances, the daily and monthly usages of all Customers within the Operator's Pool will be combined into a single Pool usage total, which will be matched against the Pool Operator's daily or monthly deliveries to its Pool. All nomination and balancing charges, including Cashout charges, penalties and like charges shall be billed to the Pool Operator. Customer shall remain individually responsible for interrupting or curtailing deliveries or usage or matching deliveries with usage, when ordered to do so by Company pursuant to this Tariff for Gas Service. In the event of default of the Pool Operator, Customer shall remain liable for its portion of applicable charges, as determined by the Company after review of all available facts and circumstances including documented deliveries... [1]

TERMS AND CONDITIONS

Gas Service rendered under this Rate Schedule shall be subject to Company's General Terms and Conditions and the Commission's Regulations.

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Vectren Energy Delivery of Indiana, Inc. (Vectren South) Page 3 of 3¶
Tariff for Gas Service ¶
I.U.R.C. No. G-10

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GENERAL SALES AND TRANSPORTATION SERVICE

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(4) To compensate for unaccounted for gas, the quantity of gas available to Transportation Customer on a daily basis shall be equal to the quantity of gas delivered into the Company's distribution system at the point of receipt for the account of the Customer, reduced by a Unaccounted For Gas Percentage as set forth in Appendix F. ¶

¶
<#>Transportation Customers must have all required regulatory approvals related to transportation of Customer-Delivered Gas.¶

¶
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RATE 125 **SCHOOL TRANSPORTATION SERVICE**

AVAILABILITY

This Rate Schedule shall be available throughout Company's Service Area, subject to the availability of adequate facilities, which determination shall be within Company's reasonable discretion.

APPLICABILITY

This Rate Schedule shall be applicable to any Customer

- 1) whose Annual Usage is less than 50,000 therms and
 - 2) for which payment of rates and charges to Company is the responsibility of an Educational Institution,
- which elects service hereunder.

CHARACTER OF SERVICE

This Rate Schedule applies to the provision of Transportation Service. Gas Service provided hereunder shall be metered and billed separately from Gas Service provided under any other Rate Schedule.

RATES AND CHARGES

The monthly Rates and Charges for Gas Service hereunder shall be:

Customer Facilities Charge –

Group 1: \$22.00

Group 2: \$44.00

Group 3: \$88.00

Deleted: \$27.50 per Group 1 meter

Deleted: \$41.50 per Group 2 meter

Deleted: \$77.50 per Group 3 meter

Distribution Charge –

First 500 therms @ \$0.1190 per therm

Over 500 therms @ \$0.0876 per therm

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Appendices:

The following Appendices shall be applied monthly:

- Appendix A – Gas Cost Adjustment
- Appendix B – Normal Temperature Adjustment
- Appendix G – Universal Service Fund Adjustment
- Appendix H – Pipeline Safety Adjustment
- Appendix I – Energy Efficiency Rider

Related Charges –

Customer shall reimburse Company for all charges incurred on Customer's behalf in connection with transportation of gas for Customer's account, including any pipeline penalty charges or cashout provisions assessed to Company.

Deleted: Gas Cost Charge –
The Gas Cost Charge shall be as set forth on Appendix A, Gas Cost Adjustment, for each therm of usage.

Deleted: Normal Temperature Adjustment –
The Normal Temperature Adjustment shall be as set forth on Appendix B, Normal Temperature Adjustment, for each bill rendered during the seven winter billing periods commencing with Customer's first meter read date after October 14th.

Effective:

RATE 125

SCHOOL TRANSPORTATION SERVICE

Minimum Monthly Charge –

The Minimum Monthly Charge shall be the Customer Facilities Charge.

Other Charges –

The Other Charges set forth in Appendix C shall be charged to Customer, if applicable.

Switching Charges –

Customer shall be charged \$10.00 per meter per switch for switching School Suppliers more than once per calendar year.

CURTAILMENT

When sufficient capacity or quantities of gas are not available to Company to meet existing and reasonably anticipated demands of Customers or to protect and replenish Company's underground storage reserves, which determinations shall be within Company's reasonable discretion, Customer shall, as provided under Rule 24 of the General Terms and Conditions Applicable to Gas Service ("Rule 24") and upon notice from Company, curtail use of gas to such extent and during such periods as Company shall specify.

Customer must curtail gas usage in not more than two hours upon notice from Company directing Curtailment of Gas Service under this Rate Schedule.

Gas usage by Customer during a Curtailment period in excess of the quantity allowed shall be considered Unauthorized Gas Usage and shall be subject to the Unauthorized Gas Usage Charge set forth in Appendix C.

SCHOOL TRANSPORTATION PROVISIONS

The following School Transportation Provisions are applicable to Customers served under this Rate Schedule.

- (1) A School Transportation Service Customer must become a member of a Pool pursuant to the provisions of Rate 185, School Pooling Service. School Supplier will be responsible for managing the Pool's gas supply. Customer shall enter into a School Transportation Agreement with Company that designates its selected School Supplier from a list of approved School Suppliers that have signed School Pooling Agreements with Company. Such elections will carry over from month to month unless Customer and School Supplier notify Company of any change at least ten (10) business days prior to the start of a new month.
- (2) Customer's prior delinquencies must be cured prior to commencing participation in School Transportation Service, unless otherwise agreed to in advance by Company. School Transportation Service will be effective as of Customer's next read date.
- (3) In the event of default of the School Supplier, Customer shall be returned to Sales Service or may designate another School Supplier. Customer shall be liable for its portion of applicable charges owed by defaulting School Suppliers, as determined by Company after review of all available facts and circumstances including documented deliveries and consumption.

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RATE 125
SCHOOL TRANSPORTATION SERVICE

- (4) A Customer that has voluntarily returned from School Transportation Service to Sales Service must remain on Sales Service for not less than one year before returning to School Transportation Service, unless expressly authorized by Company.
- (5) An Educational Institution must be a registered user of vectren.com to obtain historical usage information, and in order to obtain a single summary bill and remit a single monthly payment.

TERMS AND CONDITIONS

Gas Service under this Rate Schedule shall be subject to Company's General Terms and Conditions and the Commission's Regulations.

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RATE 129 **NATURAL GAS VEHICLE SERVICE**

AVAILABILITY

This Rate Schedule shall be available throughout the Company's Service Area, subject to the availability of adequate facilities and gas supplies, which determination shall be within Company's reasonable discretion.

CHARACTER OF SERVICE

This Rate Schedule applies to the provision of (1) Gas Sales Service to a Customer-owned and operated CNG facility for the express purpose of converting such natural gas to CNG to fuel natural gas vehicles, or (2) the sale of CNG to any Customer from Company-Owned and operated CNG facilities to fuel natural gas vehicles.

Transportation Service is not provided under this Rate Schedule. Gas Service provided under this Rate Schedule to the Customer-owned and operated CNG facility shall be metered and billed separately from Gas Service provided under any other Rate Schedule.

RATES AND CHARGES

For Sales Service provided to a Customer-owned and operated CNG facility, the monthly Rates and Charges shall be:

Customer Facilities Charge:

\$18.32

Deleted: 15.00 per meter

Maximum Distribution Charge:

\$0.1394 per therm

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For CNG Service provided from a designated Company-owned and operated CNG facility, the monthly Rates and Charges shall be:

Maximum Distribution Charge:

\$0.4255 per therm

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Appendices:

The following Appendices shall be applied monthly:

- Appendix A – Gas Cost Adjustment
- Appendix G – Universal Service Fund Adjustment
- Appendix H – Pipeline Safety Adjustment

Minimum Monthly Charge:

The Minimum Monthly Charge shall be the Customer Facilities Charge, if applicable.

Other Charges:

The Other Charges set forth in Appendix C shall be charged to Customer, if applicable.

Competitive Flexibility:

The Company may, on an individual Customer basis, assess a Distribution Charge lower than the Maximum Distribution Charge in order to meet competition from alternate fuels. The decision to assess a lower charge will be made by the Company based on its analysis of competitive conditions.

Deleted: Gas Cost Charge:¶

The Gas Cost Charge shall be as set forth on Appendix A, Gas Cost Adjustment, for each therm of metered usage.¶

¶ Pipeline Safety Adjustment:¶

The Distribution Charge shall be adjusted as set forth on Appendix H, Pipeline Safety Adjustment.

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RATE 129 **NATURAL GAS VEHICLE SERVICE**

CONTRACT

Customers with Annual Usage greater than 250,000 therms shall enter into a written agreement with a minimum term of not less than one year and shall automatically extend for succeeding annual terms thereafter, subject to cancellation by either party after written notice submitted not less than ninety days prior to the end of the initial term or any succeeding annual term. However, in no event shall the contract expire during the Winter Season, unless such mid-winter termination date is mutually agreed upon.

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The contract shall have

TERMS AND CONDITIONS

- (1) Gas Service under this Rate Schedule shall be subject to Company's General Terms and Conditions and Commission's Regulations.
- (2) In no event shall the Company be obligated to incur any costs for additional facilities necessary to provide service to Customer-owned and operated CNG facilities. Nonetheless, in the event the Company elects to incur such costs, the costs of any additional facilities, including but not limited to any necessary telemetering equipment, that in the Company's sole judgment are required or must be incurred by the Company to provide this service, shall be the sole responsibility of the Customer, and shall be payable in full prior to the initiation of Gas Service. In addition, such costs shall include all applicable taxes.

Effective:

RATE 145 **GENERAL TRANSPORTATION SERVICE**

AVAILABILITY

This Rate Schedule shall be available throughout Company's Service Area, subject to the availability of adequate facilities, which determination shall be within Company's reasonable discretion.

APPLICABILITY

This Rate Schedule shall be applicable to any Non-Residential Customer that:

1. has an Annual Usage of greater than or equal to 50,000 therms and less than 500,000 therms,
2. has a Maximum Daily Usage of less than 15,000 therms,
3. complies with the Measurement Requirement section of this Rate Schedule, and
4. enters into a written contract with Company to receive Gas Service under this Rate Schedule.

CHARACTER OF SERVICE

This Rate Schedule applies to the provision of Transportation Service. Gas Service provided hereunder shall be metered and billed separately from Gas Service provided under any other Rate Schedule.

RATES AND CHARGES

The monthly Rates and Charges for Gas Service hereunder shall be:

Customer Facilities Charge:

- Group 1: \$22.00
- Group 2: \$44.00
- Group 3: \$88.00

Distribution Charge:

- Applicable to all therms delivered to Customer during the billing month.
- First 500 therms @ \$0.1190 per therm
- Over 500 therms @ \$0.0876 per therm

Appendices:

The following Appendices shall be applied monthly:

- Appendix A – Gas Cost Adjustment
- Appendix G – Universal Service Fund Adjustment
- Appendix H – Pipeline Safety Adjustment

Riders:

The following Riders shall be available to qualified Customers:

- Rider ED – Economic Development Rider
- Rider AD – Area Development Rider

Related Charges: Customer shall reimburse Company for all charges incurred on Customer's behalf in connection with transportation of gas for Customer's account, including any pipeline penalty charges or cashout provisions assessed to Company.

Minimum Monthly Charge:

The Minimum Monthly Charge shall be the Customer Facilities Charge.

Other Charges –

The Other Charges set forth in Appendix C shall be charged to Customer, if applicable.

Effective:

RATE 145 **GENERAL TRANSPORTATION SERVICE**

CONTRACT

Customer shall enter into a written contract which specifies the hourly and daily maximum gas requirements of Customer and any other terms reasonably required by Company. The contract shall have an initial term of not less than one year and shall automatically extend for succeeding annual terms thereafter, subject to cancellation by either party after written notice submitted not less than ninety days prior to the end of the initial term or any succeeding annual term. However, in no event shall the contract expire during the Winter Season, unless such mid-winter termination date is mutually agreed upon.

A Customer that returns to Rate 120 General Sales Service from this Rate Schedule must remain on Sales Service for not less than twelve months before returning to Transportation Service unless expressly authorized by Company.

CURTAILMENT

When sufficient capacity or quantities of gas are not available to Company to meet existing and reasonably anticipated demands of Customers or to protect and replenish Company's underground storage reserves, which determinations shall be within Company's reasonable discretion, Customer shall, as provided by Rule 24 and upon notice from Company, curtail use of gas to such extent and during such periods as Company shall specify.

Customer shall curtail gas usage in not more than two hours upon notice from Company directing Curtailment of Gas Service under this Rate Schedule.

Gas usage by Customer during a Curtailment period in excess of the quantity allowed shall be considered Unauthorized Gas Usage and shall be subject to the Unauthorized Gas Usage Charge set forth in Appendix C.

GAS TRANSPORTATION PROVISIONS

The following Gas Transportation Provisions are applicable to Customers entering into Transportation Service contracts:

- (1) Transportation Customers shall be subject to the Nomination and Balancing Provisions in Appendix E, except as provided in paragraph (2) of this section.
- (2) Transportation Customers may become members of a Pool pursuant to the provisions of Rate 180, Pooling Service. If Customer designates a Pool Operator to be responsible for managing its gas supply, the nomination and balancing provisions pursuant to Appendix E shall not apply to Customer; rather, they shall apply to the Pool Operator. For purposes of calculating daily and monthly imbalances, the daily and monthly usages of all Customers within the Operator's Pool will be combined into a single Pool usage total, which will be matched against the Pool Operator's daily or monthly deliveries to its Pool. All nomination and balancing charges, including Cashout charges, penalties and like charges shall be billed to the Pool Operator. Customer shall remain individually responsible for interrupting or curtailing deliveries or usage or matching deliveries with usage, when ordered to do so by Company pursuant to this Tariff for Gas Service. In the event of default of the Pool Operator, Customer shall remain liable for its portion of applicable charges, as determined by the Company after review of all available facts and circumstances including documented deliveries and consumption. A Transportation Customer that has returned to Non-Pooling Transportation Service from Pooling Service may not return to Pooling Service for a period of two months unless expressly authorized by Company.

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RATE 145 **GENERAL TRANSPORTATION SERVICE**

- (3) Transportation Customer, at its expense, shall provide and maintain on the Premises at the meter location electric and telephone service as required by Company for the operation of Company-Owned electronic gas measurement devices and related communications equipment. If Customer's telephone line is frequently not available when Company seeks to obtain measurement data, Company may require Customer to provide a dedicated telephone line in order to continue Transportation Service under this Rate Schedule.
- (4) To compensate for unaccounted for gas, the quantity of gas available to Transportation Customer on a daily basis shall be equal to the quantity of gas delivered to the Company's distribution system at the point of receipt for the account of the Customer, reduced by a Unaccounted For Gas Percentage as set forth in Appendix F.
- (5) Transportation Customers must have all required regulatory approvals related to transportation of Customer-Delivered Gas.
- (6) Company may provide Interim Supply Service in the event Customer is temporarily unable to obtain supply from supplier or Pool Operator. Company will provide such service on an interruptible month-to-month basis for a term as determined by Company. Customer shall be responsible for meeting all creditworthiness requirements as determined by Company, including, without limitation, pre-payment to Company for gas supply. Customer must execute a written agreement with Company to effectuate this service and service will not begin prior to the execution date of such agreement.

TERMS AND CONDITIONS

Gas Service under this Rate Schedule shall be subject to Company's General Terms and Conditions and the Commission's Regulations.

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RATE 160 **LARGE VOLUME TRANSPORTATION SERVICE**

AVAILABILITY

This Rate Schedule shall be available throughout the Company's Service Area, subject to the availability of adequate facilities and gas supplies, which determinations shall be in the Company's reasonable discretion.

APPLICABILITY

This Rate Schedule shall be applicable to any Non-Residential Customer whose Annual Usage is equal to or greater than 500,000 therms and less than 10,000,000 therms or whose Maximum Daily Usage is equal to or greater than 15,000 therms.

CHARACTER OF SERVICE

This Rate Schedule applies to the provision of Transportation Service. Interim Supply Service, as described below, may also be provided under this Rate Schedule, at Company's sole discretion. Gas Service provided hereunder shall be metered and billed separately from Gas Service provided under any other Rate Schedule.

RATES AND CHARGES

The monthly Rates and Charges for Gas Service under this Rate Schedule shall be:

Customer Facilities Charge:

\$400.00

Deleted: 200.00 per meter

Distribution Charge:

First 50,000 therms @ \$0.0653 per therm

Next 200,000 therms @ \$0.0560 per therm

Over 250,000 therms @ \$0.0469 per therm

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Appendices:

The following Appendices shall be applied monthly:

- Appendix A – Gas Cost Adjustment
- Appendix G – Universal Service Fund Adjustment
- Appendix H – Pipeline Safety Adjustment

Riders:

The following Riders shall be available to qualified Customers:

- Rider ED – Economic Development Rider
- Rider AD – Area Development Rider

Deleted: Gas Cost Charge:¶

The Gas Cost Charge shall be as set forth in Appendix A, Gas Cost Adjustment, for each therm of metered usage.¶

¶

Pipeline Safety Adjustment:¶

The Distribution Charge shall be adjusted as set forth on Appendix H, Pipeline Safety Adjustment.¶

Minimum Monthly Charge:

The Minimum Monthly Charge shall be the Customer Facilities Charge.

Other Charges:

The Other Charges set forth in Appendix C shall be charged to Customer, if applicable.

Related Charges: Customer shall reimburse Company for all charges incurred in connection with interstate pipeline transportation of Customer-Delivered Gas including any gas costs, penalty charges, or Cashouts.

Effective:

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RATE 160

LARGE VOLUME TRANSPORTATION SERVICE

CONTRACT

Customer shall enter into a written contract that specifies, the hourly and daily maximum gas requirements of Customer, and any other terms reasonably required by Company. The Contract shall have an initial term of not less than one year and shall automatically extend for succeeding annual terms thereafter, subject to cancellation by either party after written notice submitted not less than ninety days prior to the end of the initial term or any succeeding annual term. However, in no event shall the contract expire during the Winter Season, unless such mid-winter termination date is mutually agreed upon.

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GAS TRANSPORTATION PROVISIONS

The following Gas Transportation Provisions are applicable to Customers entering into Transportation Service contracts:

- (1) Transportation Customers shall be subject to the Nomination and Balancing Provisions in Appendix E, except as provided in paragraph (2) of this section.
- (2) Transportation Customers may become members of a Pool pursuant to the provisions of Rate 180, Pooling Service. If Customer designates a Pool Operator to be responsible for managing its gas supply, the nomination and balancing provisions pursuant to Appendix E shall not apply to Customer; rather, they shall apply to the Pool Operator. For purposes of calculating daily and monthly imbalances, the daily and monthly usages of all Customers within the Operator's Pool will be combined into a single Pool usage total, which will be matched against the Pool Operator's daily or monthly deliveries to its Pool. All nomination and balancing charges, including Cashout charges, penalties and like charges shall be billed to the Pool Operator. Customer shall remain individually responsible for interrupting or curtailing deliveries or usage or matching deliveries with usage, when ordered to do so by Company pursuant to this Tariff for Gas Service. In the event of default of the Pool Operator, Customer shall remain liable for its portion of applicable charges, as determined by the Company after review of all available facts and circumstances including documented deliveries and consumption. A Transportation Customer that has returned to Non-Pooling Transportation Service from Pooling Service may not return to Pooling Service for a period of two months unless expressly authorized by Company.
- (3) Transportation Customer, at its expense, shall provide and maintain on the Premises at the meter location electric and telephone service as required by Company for the operation of Company-Owned electronic gas measurement devices and related communications equipment. If Customer's telephone line is frequently not available when Company seeks to obtain measurement data, Company may require Customer to provide a dedicated telephone line in order to continue Transportation Service under this Rate Schedule.
- (4) To compensate for unaccounted for gas, the quantity of gas available to Transportation Customer on a daily basis shall be equal to the quantity of gas delivered to the Company's distribution system at the point of receipt for the account of the Customer, reduced by a Unaccounted For Gas Percentage as set forth in Appendix F.
- (5) Transportation Customers must have all required regulatory approvals related to transportation of Customer-Delivered Gas.

Effective:

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RATE 160
LARGE VOLUME TRANSPORTATION SERVICE

- (6) Company may provide Interim Supply Service in the event Customer is temporarily unable to obtain supply from supplier or Pool Operator. Company will provide such service on an interruptible month-to-month basis for a term as determined by Company. Customer shall be responsible for meeting all creditworthiness requirements as determined by Company, including, without limitation, pre-payment to Company for gas supply. Customer must execute a written agreement with Company to effectuate this service and service will not begin prior to the execution date of such agreement.

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TERMS AND CONDITIONS

Gas Service rendered under this Rate Schedule shall be subject to Company's General Terms and Conditions and the Commission's Regulations.

Effective:

RATE 190 **STORAGE SERVICE**

GAS STORAGE PROVISIONS

The maximum quantity of gas Customer may maintain in storage, without prior approval of the Company, shall be thirty (30) days times the Maximum Daily Quantity.

Company shall exercise its best efforts to inject gas into storage upon request by Customer. Customer shall notify Company not less than 24 hours in advance of the quantity of gas it elects to have Company inject into storage for its account. The quantity to be injected in any day may not exceed the Maximum Daily Quantity without prior approval from Company. Company shall not be liable for any inability to inject gas in its facilities as requested by Customer.

Customer may request withdrawals from storage for any day. However, in any day such withdrawal shall not exceed, without specific prior approval by Company, the Maximum Daily Quantity specified by contract with Company. Company shall not be liable for any inability to withdraw gas from its facilities as requested by Customer.

TERMS AND CONDITIONS

- (1) Gas Service rendered under this Rate Schedule shall be subject to Company's General Terms and Conditions and the Commission's Regulations.
- (2) In no event shall Company be obligated to incur any costs for additional facilities necessary to provide Storage Service under this Rate Schedule. Nonetheless, in the event Company elects to incur such costs, the costs of any additional facilities, including but not limited to any necessary telemetering equipment, that in Company's sole judgment are required or must be incurred by Company to provide Storage Service, shall be the sole responsibility of Customer, and shall be payable in full prior to the initiation of Gas Service. In addition, such costs shall include all applicable taxes.

APPENDIX A GAS COST ADJUSTMENT

APPLICABILITY

The Gas Cost Adjustment (GCA), as updated from time to time, shall be applicable to the Gas Cost Charges included in Rate Schedules contained in this Tariff for Gas Service, as set forth below.

DESCRIPTION

The GCA shall recover the following costs, as reviewed and approved by the Commission:

1. Demand, commodity and other costs of gas supply purchased from suppliers.
2. Demand, commodity and other costs of pipeline transportation service.
3. Demand, commodity and other costs of leased gas storage and related transportation costs.
4. The net cost of gas injected into and withdrawn from storage.
5. Pipeline Take or Pay Charges and Transition Costs, and any like charges.
6. Applicable taxes, including Indiana Utility Receipts Tax.
7. All other costs approved for Gas Cost Adjustment recovery by the Commission.

GCA CHARGES – Dollars per Therm

<u>Rate Schedule</u>	<u>Service</u>	<u>Applicable GCAs</u>		
		<u>Estimated</u> (\$ per Therm) <u>Eff.</u>	<u>Estimated</u> (\$ per Therm) <u>Eff.</u>	<u>Estimated</u> (\$ per Therm) <u>Eff.</u>
110	Sales	\$ _____	\$ _____	\$ _____
120	Sales	\$ _____	\$ _____	\$ _____
125	Transportation	\$0.0000	\$0.0000	\$0.0000
129	Sales	\$ _____	\$ _____	\$ _____
145	Transportation	\$0.0000	\$0.0000	\$0.0000
160	Transportation	\$0.0000	\$0.0000	\$0.0000
170	Transportation	\$0.0000	\$0.0000	\$0.0000

Effective:

APPENDIX B

NORMAL TEMPERATURE ADJUSTMENT

The billed amount for each Rate 110, 120 and 125 Customer shall be subject to a Normal Temperature Adjustment (NTA) for each bill rendered during the seven winter billing periods commencing with Customer's first meter read date after October 14th.

The NTA adjusts each Customer's monthly billed amount to reverse the impact on margin recovery caused by non-normal temperatures during the billing period, as measured by actual heating degree day variations from normal heating degree days.

NTA COMPUTATION

The NTA for each Customer's monthly billing shall be computed as follows:

$$\text{NTA} = \text{NTA Therms} \times \text{NTA Margin}$$

NTA THERMS

The NTA Therms usage for each Customer to which the NTA Margin shall be applied is computed as follows:

$$\text{NTA Therms} = \frac{[\text{Actual Usage} - \text{Base Load Usage}]}{\text{Actual Degree Days}} \times [\text{Normal Degree Days} - \text{Actual Degree Days}]$$

NTA MARGIN

The NTA Margin shall be the tail block rate of the Distribution Charge for the applicable Rate Schedule.

BASE LOAD THERMS

Base Load Therms shall be Customer's average daily therms usage for the previous summer months (months of July and August) multiplied by the number of days in the billing period.

For Customers whose Base Load Usage cannot be accurately determined (e.g., new Customers without two months of summer usage history), an estimated Average Daily Therms shall be used.

NORMAL AND ACTUAL DEGREE DAYS

Normal Degree Days for each Customer's billing period shall be those utilized by the Commission for purposes of determining Company's current base rates.

Actual Degree Days for each Customer's billing period shall be taken from the actual heating degree days reported each day by the National Weather Service.

APPENDIX B

NORMAL TEMPERATURE ADJUSTMENT

Normal Degree Days for the NTA are determined by the days included in each Customer's billing period. Normal Degree Days in a leap year (a year consisting of 366 days) differ from those in non-leap years (years consisting of 365 days). Applicable Normal Degree Days tables for leap and non-leap years, as determined in Company's most recent general rate case, follow.

The following steps are used to determine Normal Degree Days in the NTA calculation:

1. Determine the days associated with Customer's billing period.
 - i. If the billing period includes days occurring in a leap year, the Normal Degree Days table for LEAP YEAR is used.
 - ii. If the billing period includes no days occurring in a leap year, the Normal Degree Days table for NON-LEAP YEAR is used.
2. From the appropriate table determine the total Normal Degree Days (NDD) for the current billing cycle, beginning with the day following the previous read date and ending with the current read date for the current billing period. This total represents the Normal Degree Days for the NTA calculation for the current billing period. Note: Actual Degree Days appear on Customer's bill.

APPENDIX B NORMAL TEMPERATURE ADJUSTMENT

NORMAL DEGREE DAYS (NDD)

NON-LEAP YEAR

Date	NDD	Date	NDD	Date	NDD	Date	NDD	Date	NDD	Date	NDD
Jul 1	0	Aug 22	0	Oct 13	7	Dec 4	26	Jan 25	34	Mar 18	18
Jul 2	0	Aug 23	0	Oct 14	8	Dec 5	26	Jan 26	34	Mar 19	18
Jul 3	0	Aug 24	0	Oct 15	8	Dec 6	26	Jan 27	34	Mar 20	17
Jul 4	0	Aug 25	0	Oct 16	8	Dec 7	26	Jan 28	34	Mar 21	17
Jul 5	0	Aug 26	0	Oct 17	9	Dec 8	27	Jan 29	33	Mar 22	17
Jul 6	0	Aug 27	0	Oct 18	9	Dec 9	27	Jan 30	33	Mar 23	17
Jul 7	0	Aug 28	0	Oct 19	9	Dec 10	27	Jan 31	33	Mar 24	16
Jul 8	0	Aug 29	0	Oct 20	10	Dec 11	28	Feb 1	33	Mar 25	16
Jul 9	0	Aug 30	1	Oct 21	10	Dec 12	28	Feb 2	33	Mar 26	16
Jul 10	0	Aug 31	0	Oct 22	10	Dec 13	28	Feb 3	33	Mar 27	15
Jul 11	0	Sep 1	0	Oct 23	10	Dec 14	29	Feb 4	32	Mar 28	15
Jul 12	0	Sep 2	0	Oct 24	11	Dec 15	29	Feb 5	32	Mar 29	15
Jul 13	0	Sep 3	0	Oct 25	11	Dec 16	29	Feb 6	32	Mar 30	14
Jul 14	0	Sep 4	0	Oct 26	12	Dec 17	29	Feb 7	32	Mar 31	14
Jul 15	0	Sep 5	0	Oct 27	12	Dec 18	30	Feb 8	31	Apr 1	14
Jul 16	0	Sep 6	0	Oct 28	12	Dec 19	30	Feb 9	31	Apr 2	14
Jul 17	0	Sep 7	0	Oct 29	13	Dec 20	30	Feb 10	31	Apr 3	13
Jul 18	0	Sep 8	1	Oct 30	13	Dec 21	30	Feb 11	31	Apr 4	13
Jul 19	0	Sep 9	1	Oct 31	13	Dec 22	31	Feb 12	30	Apr 5	13
Jul 20	0	Sep 10	1	Nov 1	14	Dec 23	31	Feb 13	30	Apr 6	12
Jul 21	0	Sep 11	1	Nov 2	14	Dec 24	31	Feb 14	30	Apr 7	12
Jul 22	0	Sep 12	1	Nov 3	14	Dec 25	31	Feb 15	30	Apr 8	12
Jul 23	0	Sep 13	1	Nov 4	15	Dec 26	32	Feb 16	29	Apr 9	12
Jul 24	0	Sep 14	1	Nov 5	15	Dec 27	32	Feb 17	29	Apr 10	11
Jul 25	0	Sep 15	1	Nov 6	15	Dec 28	32	Feb 18	29	Apr 11	11
Jul 26	0	Sep 16	1	Nov 7	16	Dec 29	32	Feb 19	28	Apr 12	11
Jul 27	0	Sep 17	1	Nov 8	16	Dec 30	32	Feb 20	28	Apr 13	10
Jul 28	0	Sep 18	2	Nov 9	16	Dec 31	33	Feb 21	28	Apr 14	10
Jul 29	0	Sep 19	2	Nov 10	17	Jan 1	33	Feb 22	27	Apr 15	10
Jul 30	0	Sep 20	2	Nov 11	17	Jan 2	33	Feb 23	27	Apr 16	10
Jul 31	0	Sep 21	2	Nov 12	18	Jan 3	33	Feb 24	27	Apr 17	9
Aug 1	0	Sep 22	2	Nov 13	18	Jan 4	33	Feb 25	26	Apr 18	9
Aug 2	0	Sep 23	2	Nov 14	18	Jan 5	34	Feb 26	26	Apr 19	9
Aug 3	0	Sep 24	3	Nov 15	19	Jan 6	34	Feb 27	25	Apr 20	9
Aug 4	0	Sep 25	3	Nov 16	19	Jan 7	34	Feb 28	25	Apr 21	8
Aug 5	0	Sep 26	3	Nov 17	19	Jan 8	34	Mar 1	25	Apr 22	8
Aug 6	0	Sep 27	3	Nov 18	20	Jan 9	34	Mar 2	24	Apr 23	8
Aug 7	0	Sep 28	3	Nov 19	20	Jan 10	34	Mar 3	24	Apr 24	8
Aug 8	0	Sep 29	4	Nov 20	20	Jan 11	34	Mar 4	23	Apr 25	7
Aug 9	0	Sep 30	4	Nov 21	21	Jan 12	34	Mar 5	23	Apr 26	7
Aug 10	0	Oct 1	4	Nov 22	21	Jan 13	34	Mar 6	23	Apr 27	7
Aug 11	0	Oct 2	4	Nov 23	22	Jan 14	34	Mar 7	22	Apr 28	6
Aug 12	0	Oct 3	5	Nov 24	22	Jan 15	34	Mar 8	22	Apr 29	6
Aug 13	0	Oct 4	5	Nov 25	22	Jan 16	34	Mar 9	21	Apr 30	6
Aug 14	0	Oct 5	5	Nov 26	23	Jan 17	34	Mar 10	21	May 1	6
Aug 15	0	Oct 6	5	Nov 27	23	Jan 18	34	Mar 11	21	May 2	5
Aug 16	0	Oct 7	6	Nov 28	23	Jan 19	34	Mar 12	20	May 3	5
Aug 17	0	Oct 8	6	Nov 29	24	Jan 20	34	Mar 13	20	May 4	5
Aug 18	0	Oct 9	6	Nov 30	24	Jan 21	34	Mar 14	20	May 5	5
Aug 19	0	Oct 10	7	Dec 1	24	Jan 22	34	Mar 15	19	May 6	4
Aug 20	0	Oct 11	7	Dec 2	25	Jan 23	34	Mar 16	19	May 7	4
Aug 21	0	Oct 12	7	Dec 3	25	Jan 24	34	Mar 17	19	May 8	4
										Jun 9	4
										May 10	4
										May 11	3
										May 12	3
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										Jun 26	0
										Jun 27	0
										Jun 28	0
										Jun 29	0
										Jun 30	0

Effective:

APPENDIX B

NORMAL TEMPERATURE ADJUSTMENT

NORMAL DEGREE DAYS (NDD)

LEAP YEAR

Date	NDD	Date	NDD	Date	NDD	Date	NDD	Date	NDD	Date	NDD
Jul 1	0	Aug 22	0	Oct 13	7	Dec 4	26	Jan 25	34	Mar 17	18
Jul 2	0	Aug 23	0	Oct 14	8	Dec 5	26	Jan 26	34	Mar 18	18
Jul 3	0	Aug 24	0	Oct 15	8	Dec 6	26	Jan 27	34	Mar 19	17
Jul 4	0	Aug 25	0	Oct 16	8	Dec 7	26	Jan 28	34	Mar 20	17
Jul 5	0	Aug 26	0	Oct 17	9	Dec 8	27	Jan 29	33	Mar 21	17
Jul 6	0	Aug 27	0	Oct 18	9	Dec 9	27	Jan 30	33	Mar 22	17
Jul 7	0	Aug 28	0	Oct 19	9	Dec 10	27	Jan 31	33	Mar 23	16
Jul 8	0	Aug 29	0	Oct 20	10	Dec 11	28	Feb 1	33	Mar 24	16
Jul 9	0	Aug 30	1	Oct 21	10	Dec 12	28	Feb 2	33	Mar 25	16
Jul 10	0	Aug 31	0	Oct 22	10	Dec 13	28	Feb 3	33	Mar 26	15
Jul 11	0	Sep 1	0	Oct 23	10	Dec 14	29	Feb 4	32	Mar 27	15
Jul 12	0	Sep 2	0	Oct 24	11	Dec 15	29	Feb 5	32	Mar 28	15
Jul 13	0	Sep 3	0	Oct 25	11	Dec 16	29	Feb 6	32	Mar 29	14
Jul 14	0	Sep 4	0	Oct 26	12	Dec 17	29	Feb 7	32	Mar 30	14
Jul 15	0	Sep 5	0	Oct 27	12	Dec 18	30	Feb 8	31	Mar 31	14
Jul 16	0	Sep 6	0	Oct 28	12	Dec 19	30	Feb 9	31	Apr 1	14
Jul 17	0	Sep 7	0	Oct 29	13	Dec 20	30	Feb 10	31	Apr 2	13
Jul 18	0	Sep 8	1	Oct 30	13	Dec 21	30	Feb 11	31	Apr 3	13
Jul 19	0	Sep 9	1	Oct 31	13	Dec 22	31	Feb 12	30	Apr 4	13
Jul 20	0	Sep 10	1	Nov 1	14	Dec 23	31	Feb 13	30	Apr 5	12
Jul 21	0	Sep 11	1	Nov 2	14	Dec 24	31	Feb 14	30	Apr 6	12
Jul 22	0	Sep 12	1	Nov 3	14	Dec 25	31	Feb 15	30	Apr 7	12
Jul 23	0	Sep 13	1	Nov 4	15	Dec 26	32	Feb 16	29	Apr 8	12
Jul 24	0	Sep 14	1	Nov 5	15	Dec 27	32	Feb 17	29	Apr 9	11
Jul 25	0	Sep 15	1	Nov 6	15	Dec 28	32	Feb 18	29	Apr 10	11
Jul 26	0	Sep 16	1	Nov 7	16	Dec 29	32	Feb 19	28	Apr 11	11
Jul 27	0	Sep 17	1	Nov 8	16	Dec 30	32	Feb 20	28	Apr 12	10
Jul 28	0	Sep 18	2	Nov 9	16	Dec 31	33	Feb 21	28	Apr 13	10
Jul 29	0	Sep 19	2	Nov 10	17	Jan 1	33	Feb 22	27	Apr 14	10
Jul 30	0	Sep 20	2	Nov 11	17	Jan 2	33	Feb 23	27	Apr 15	10
Jul 31	0	Sep 21	2	Nov 12	18	Jan 3	33	Feb 24	27	Apr 16	9
Aug 1	0	Sep 22	2	Nov 13	18	Jan 4	33	Feb 25	26	Apr 17	9
Aug 2	0	Sep 23	2	Nov 14	18	Jan 5	34	Feb 26	26	Apr 18	9
Aug 3	0	Sep 24	3	Nov 15	19	Jan 6	34	Feb 27	25	Apr 19	9
Aug 4	0	Sep 25	3	Nov 16	19	Jan 7	34	Feb 28	25	Apr 20	8
Aug 5	0	Sep 26	3	Nov 17	19	Jan 8	34	Feb 29	25	Apr 21	8
Aug 6	0	Sep 27	3	Nov 18	20	Jan 9	34	Mar 1	24	Apr 22	8
Aug 7	0	Sep 28	3	Nov 19	20	Jan 10	34	Mar 2	24	Apr 23	8
Aug 8	0	Sep 29	4	Nov 20	20	Jan 11	34	Mar 3	23	Apr 24	7
Aug 9	0	Sep 30	4	Nov 21	21	Jan 12	34	Mar 4	23	Apr 25	7
Aug 10	0	Oct 1	4	Nov 22	21	Jan 13	34	Mar 5	23	Apr 26	7
Aug 11	0	Oct 2	4	Nov 23	22	Jan 14	34	Mar 6	22	Apr 27	6
Aug 12	0	Oct 3	5	Nov 24	22	Jan 15	34	Mar 7	22	Apr 28	6
Aug 13	0	Oct 4	5	Nov 25	22	Jan 16	34	Mar 8	21	Apr 29	6
Aug 14	0	Oct 5	5	Nov 26	23	Jan 17	34	Mar 9	21	Apr 30	6
Aug 15	0	Oct 6	5	Nov 27	23	Jan 18	34	Mar 10	21	May 1	5
Aug 16	0	Oct 7	6	Nov 28	23	Jan 19	34	Mar 11	20	May 2	5
Aug 17	0	Oct 8	6	Nov 29	24	Jan 20	34	Mar 12	20	May 3	5
Aug 18	0	Oct 9	6	Nov 30	24	Jan 21	34	Mar 13	20	May 4	5
Aug 19	0	Oct 10	7	Dec 1	24	Jan 22	34	Mar 14	19	May 5	4
Aug 20	0	Oct 11	7	Dec 2	25	Jan 23	34	Mar 15	19	May 6	4
Aug 21	0	Oct 12	7	Dec 3	25	Jan 24	34	Mar 16	19	May 7	4
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										Jun 29	0
										Jun 30	0

Effective:

APPENDIX C **OTHER CHARGES**

Late Payment Charge:

If Customer does not pay a Bill for Gas Service on or before the gross payment due date, Customer shall be assessed a Late Payment Charge of three (3) percent of such Bill.

Reconnect Charge:

When Gas Service is discontinued (1) at the request of Customer, (2) for nonpayment of a Bill, (3) when authorized by Company's General Terms and Conditions or the Commission's Regulations, or (4) for any reason beyond the control of Company, and a reestablishment of Gas Service is required by Customer, Customer shall be charged a Reconnect Charge to cover a part of the cost of discontinuance and reestablishment of Gas Service. Such charge shall be fifty-five dollars (\$55.00). In addition, when Gas Service is reconnected or disconnected after normal working hours at Customer's request, Customer shall be charged an After Hours Charge.

A charge equal to the Customer Facilities Charge for each month of discontinued Gas Service will also be made for re-establishing Gas Service for the same Customer at the same Premises where Gas Service has been discontinued at the Customer's request during the preceding nine months. The minimum Customer Facilities Charge assessment under the provisions of this paragraph shall be one month's Customer Facilities Charge.

After Hours Charge:

When Gas Service is connected, reconnected or disconnected after normal business hours at Customer's request, Customer shall be charged an After Hours Charge of forty-five dollars (\$45.00) in addition to any other applicable charges for each connection, reconnection or disconnection.

Insufficient Funds Check Charge:

For each check of Customer returned by any bank due to insufficient funds, Customer shall be charged twenty-five dollars (\$25.00) to cover a part of the cost of processing such check.

Unauthorized Gas Usage Charge:

Gas usage by Customer or Pool Operator's Pool during a Curtailment Period in excess of the quantity allowed pursuant to Rule 24 shall be considered Unauthorized Gas Usage and shall be subject to the Unauthorized Gas Charge of five dollars (\$5.00) per therm. Company shall have the right to waive all or a portion of the Unauthorized Gas Usage Charge otherwise applicable to any Customer or Pool Operator, provided that waiver of such charge shall be exercised on a non-discriminatory basis.

Fraudulent or Unapproved Use of Gas:

When the Company detects fraudulent or unapproved use of gas, or the Company's regulation, measuring equipment or other service facilities have been tampered with, Company may assess the actual costs for such field calls and repairs, in addition to the other costs pursuant to Rule 27 of the Company's General Terms and Conditions. A minimum charge of sixty-five dollars (\$65.00) per occurrence shall apply.

Summary Billing Charge:

Bills provided by Company summarizing charges for Educational Institutions who are registered users of vectren.com are subject to a \$45.00 charge.

APPENDIX D **BASE COST OF GAS**

For informational purposes, the Base Cost of Gas determined in the general rate proceeding in Cause No. 43112, effective _____ is as set forth in the following table. The Base Cost of gas is not reflected in the Base Rates and Charges of the Rate Schedules; all gas costs are recovered through Appendix A, Gas Cost Adjustment.

<u>Base Cost of Gas</u> <u>(\$ per Therm)</u>				
<u>Rate Schedule</u>	<u>Service</u>	<u>Commodity</u>	<u>Demand</u>	<u>Total</u>
110	Sales	\$0.9429	\$0.0766	\$1.0195
120	Sales	\$0.9429	\$0.0766	\$1.0195
125	Transportation	\$0.0000	\$0.0000	\$0.0000
129	Sales	\$0.9429	\$0.0766	\$1.0195
145	Transportation	\$0.0000	\$0.0000	\$0.0000
160	Transportation	\$0.0000	\$0.0000	\$0.0000
170	Transportation	\$0.0000	\$0.0000	\$0.0000

Effective:

APPENDIX E

NOMINATION AND BALANCING PROVISIONS

APPLICABILITY

The following Provisions shall apply to Pool Operators and to non-Pooling Transportation Customers being provided Gas Service under Rates 145, 160 and 170. Therefore, for purposes of this Appendix E only, the term "Pool Operator", "Pool Customer" and "Pool" when used in the provisions below shall also mean "non-Pooling Transportation Customer."

NOMINATION PROVISIONS

The Pool Operator shall be obligated to notify Company of the exact daily quantity of its nomination to the delivering pipeline of Pool Operator-Delivered gas to be delivered to Company at pipeline delivery points agreeable to Company (Daily Pipeline Nomination).

Company may require Pool Operator to allocate its Daily Pipeline Nomination to specified city-gate pipeline delivery points based on minimum and maximum allocation percentages, which Company may revise from time to time, based on operational considerations. Company may decline to accept Pool Operator's Daily Pipeline Nominations or deliveries that do not comply with these city-gate allocation percentage requirements.

Pool Operator must provide the notice specified above prior to each change in Pool Operator's Daily Pipeline Nomination by submitting to Company the nomination, via the Company's EBB, by no later than 11:30 AM Central Clock Time ("CCT") of the workday previous to the start date of the Daily Pipeline Nomination. Company may accept nominations submitted after the deadlines specified above within its reasonable discretion. Until Pool Operator submits the required nomination, Pool Operator's nominations of daily quantities shall be zero. The nomination shall include information as required in Company's EBB. Unless otherwise permitted by Company, the Nomination Period shall not exceed thirty-one days.

Pool Operator shall cause the shipper to provide Company with a written statement detailing Pool Operator's actual deliveries under Pool Operator's Daily Pipeline Nomination during each Nomination Period by no later than one day following the end of the billing month.

Pool Operator shall pay a Nomination Error Charge of \$.50 per Dekatherm on the quantity difference between Pool Operator's Daily Transportation Nomination and the confirmed deliveries under Pool Operator's Daily Pipeline Nomination for each day such difference occurs.

Pool Operator shall be assessed a City-Gate Allocation Non-Compliance Charge of \$1.00 per Dekatherm on the quantity difference if the Pool Operator's Daily Transportation Nomination is less than the minimum or greater than the maximum city gate allocation requirements, which are calculated as the minimum or maximum city gate allocation percentages multiplied by the Pool Operator's Daily Transportation Nomination.

APPENDIX E

NOMINATION AND BALANCING PROVISIONS

BALANCING PROVISIONS

Pool Operator shall be obligated to balance its Pool Customers' total usage with the total deliveries of Pool Operator-Delivered Gas. An Imbalance Quantity shall exist when the Pool Operator's Pool's total usage is greater than or less than its total deliveries on a daily basis and/or a monthly basis. Amounts paid by Company to Pool Operator in cashing out Imbalance Quantities shall be eligible for recovery in the Gas Cost Adjustment. Amounts received by Company from Pool Operator in cashing out Imbalance Quantities shall be credited against gas costs in the Gas Cost Adjustment.

The following definitions shall apply:

Daily Index Price: The Daily Midpoint Prices per Dekatherm reported in Gas Daily, in the table "Daily Price Survey" for delivery to:

- (1) Texas Gas, Zone SL; or
- (2) Chicago City-Gates.

Monthly Index Price: The monthly index price per Dekatherm reported in Inside FERC's Gas Market Report, in the table "Prices of Spot Gas Delivered to Interstate Pipelines" for delivery to:

- (1) Texas Gas Transmission Corp., Zone SL; or
- (2) Inside FERC's Gas Market Report, in the table "Market Center Spot Gas Prices", Upper Midwest, Chicago City-Gates.

Daily Under-Delivery Charge: The Daily Under-Delivery Charge shall be the highest of the sums of each Daily Index price and the maximum interruptible pipeline transportation rate, including fuel and all surcharges, applicable to each Daily Index Price.

Daily Over-Delivery Charge: The Daily Over-Delivery Charge shall be the lowest of the sums of each Daily Index Price and the firm pipeline transportation commodity rate, including fuel and all surcharges, applicable to each Daily Index Price.

Monthly Under-Delivery Charge: The Monthly Under-Delivery Charge shall be the greater of:

- (1) Company's average gas costs (demand and commodity), based on its gas purchases for the month; or
- (2) The highest of the sums of each Monthly Index Price and the maximum interruptible pipeline transportation rate, including fuel and all surcharges, applicable to each Monthly Index Price.

Monthly Over-Delivery Charge: The Monthly Over-Delivery Charge shall be the lower of:

- (1) Company's average gas cost (demand and commodity), based on its gas purchases for the month; or
- (2) The lowest of the sums of each Monthly Index price and the firm pipeline transportation commodity rate, including fuel and all surcharges, applicable to each Monthly Index Price.

Monthly Average Index Charge: The Monthly Average Index Charge shall be the average of the sums of each Monthly Index Price and the average pipeline transportation commodity rate, including fuels and surcharges, applicable to each Monthly Index Price.

APPENDIX E

NOMINATION AND BALANCING PROVISIONS

DAILY BALANCING PROVISIONS

Pool Operator shall be obligated to balance its Pool Customers' total usage ("Total Daily Usage") with the aggregated total daily deliveries of Pool Operator-Owned Gas by the pipeline, as adjusted to reflect Company's system line loss percentage as specified in Appendix F ("Total Daily Deliveries"). A Daily Imbalance Quantity shall exist when the Total Daily Usage is greater than or less than the Pool Operator's Total Daily Deliveries.

Daily Under-Delivery Imbalance: If Pool Operator's Total Daily Deliveries are less than its Pool Customers' Total Daily Usage, the gas shortfall shall be considered Daily Under-Delivery Imbalance Quantities. Daily Under-Delivery Imbalance Quantities up to and including 10% of Total Daily Usage shall be carried over to month-end; all quantities over 10% shall be Cashed out with the Company. Pool Operator shall pay Company for Daily Under-Delivery Gas Quantities greater than 10% of Total Daily Usage pursuant to the following:

- (1) 1.1 times the Daily Under-Delivery Charge for each Dekatherm of Under-Delivery Imbalance Quantity that is greater than 10%, up to and including 20% of Total Daily Usage; plus
- (2) 1.2 times the Daily Under-Delivery Charge for each Dekatherm of Daily Under-Delivery Imbalance Quantity that is greater than 20%, up to and including 30% of Total Daily Usage; plus
- (3) 1.4 times the Daily Under-Delivery Charge for each Dekatherm of Daily Under-Delivery Imbalance Quantity that is greater than 30% of Total Daily Usage; plus
- (4) Applicable taxes.

During a Cold Weather OFO, the aforementioned Daily Under-Delivery Imbalance provisions will be replaced by those specified in the section entitled Operational Flow Orders. During a Warm Weather OFO, the Daily Under-Delivery Imbalance provisions shall not apply.

Daily Over-Delivery Imbalance: If Pool Operator's Total Daily Deliveries are greater than its Pool Customers' Total Daily Usage, the excess gas shall be considered Daily Over-Delivery Imbalance Quantities. Daily Over-Delivery Imbalance Quantities up to and including 10% of Total Daily Usage shall be carried over to month-end. If the Company or the pipeline would experience any operating difficulties as a result of Daily Over-Delivery Imbalance Quantity of Customer's gas exceeding 10% of Total Daily Usage, Company may decline to accept delivery of the excess quantities. If Company does receive the excess quantities, they shall be Cashed out with the Company. Company shall pay Pool Operator for such Daily Over-Delivery Imbalance Quantities greater than 10% of Total Daily Usage pursuant to the following:

- 1) 0.9 times the Daily Over-Delivery Charge for each Dekatherm of Daily Over-Delivery Imbalance Quantity that is greater than 10%, up to and including 20% of Total Daily Usage, plus
- 2) 0.8 times the Daily Over-Delivery Charge for each Dekatherm of Daily Over-Delivery Imbalance Quantity that is greater than 20%, up to and including 30% of Total Daily Usage; plus.
- 3) 0.6 times the Daily Over-Delivery Charge for each Dekatherm of Daily Over-Delivery Imbalance Quantity that is greater than 30% of Total Daily Usage.

During a Warm Weather OFO, the aforementioned Daily Over-Delivery Imbalance provisions will be replaced by those specified in the section entitled Operational Flow Orders. During a Cold Weather OFO, the Daily Over-Delivery Imbalance provisions shall not apply.

APPENDIX E

NOMINATION AND BALANCING PROVISIONS

MONTHLY BALANCING PROVISIONS

Pool Operator shall be obligated to balance its Pool Customers' total monthly usage ("Total Monthly Usage") with the actual monthly deliveries of Pool Operator-Delivered Gas by the pipeline, as adjusted to reflect (1) Company's unaccounted for gas percentage as specified in Appendix F, (2) the net effect of Daily Imbalance Quantities cashed out during the current month, and (3) prior month Monthly Over-Delivery Imbalance Quantities made available to Pool Operator or Monthly Under-Delivery Imbalance Quantities made up by Pool Operator, (collectively, "Total Monthly Deliveries"). A Monthly Imbalance Quantity shall exist when the Total Monthly Usage is greater than or less than the Pool Operator's Total Monthly Deliveries.

Monthly Under-Delivery Imbalance: If the Total Monthly Deliveries for Pool Operator's account at the end of the month are less than its Pool Customers' Total Monthly Usage, the gas shortfall shall be considered Monthly Under-Delivery Imbalance Quantities. Monthly Under-Delivery Imbalance Quantities up to and including 5% of Total Monthly Usage shall be carried forward to the following month; quantities greater than 5% shall be Cashed out with the Company. Pool Operator shall pay Company for Monthly Under-Delivery Imbalance Quantities greater than 5% of Total Monthly Usage pursuant to the following:

- (1) 1.1 times the Monthly Under-Delivery Charge for each Dekatherm of Monthly Under-Delivery Imbalance Quantity that is greater than 5%, up to and including 15% of Total Monthly Usage; plus
- (2) 1.2 times the Monthly Under-Delivery Charge for each Dekatherm of Monthly Under-Delivery Imbalance Quantity that is greater than 15%, up to and including 25% of Total Monthly Usage; plus,
- (3) 1.4 times the Monthly Under-Delivery Charge for each Dekatherm of Monthly Under-Delivery Imbalance Quantity that is greater than 25% of Total Monthly Usage; plus
- (4) Applicable taxes.

Monthly Over-Delivery Imbalance: If the Total Monthly Deliveries for Pool Operator's account at the end of the month are greater than its Pool Customer's Total Monthly Usage, the gas excess shall be considered Monthly Over-Delivery Imbalance Quantities. Monthly Over-Delivery Imbalance Quantities up to and including 5% of Total Monthly Usage shall be carried forward to the following month; quantities greater than 5% shall be Cashed out with the Company. Company shall pay Pool Operator for Monthly Over-Delivery Imbalance Quantities greater than 5% of Total Monthly Usage pursuant to the following:

- (1) 0.9 times the Monthly Over-Delivery Charge for each Dekatherm of Monthly Over-Delivery Imbalance Quantity that is greater than 5%, up to and including 15% of Total Monthly Usage; plus:
- (2) 0.8 times the Monthly Over-Delivery Charge for each Dekatherm of Monthly Over-Delivery Imbalance Quantity that is greater than 15%, up to and including 25% of Total Monthly Usage; plus
- (3) 0.6 times the Monthly Over-Delivery Charge for each Dekatherm of Monthly Over-Delivery Imbalance that is greater than 25% of Total Monthly Usage.

APPENDIX E

NOMINATION AND BALANCING PROVISIONS

OPERATIONAL FLOW ORDERS

Pool Operator is obligated, when requested by the Company through an Operational Flow Order ("OFO"), to nominate and deliver gas supply to the Company's city gates in the manner instructed by the Company. Company may call a Cold Weather OFO or a Warm Weather OFO where such action is necessary, in the Company's sole judgment, to (1) protect the reliability of Company's gas system; (2) comply with Company's Curtailment Procedures in the General Terms and Conditions Applicable to Gas Service, and/or (3) adhere to the various interstate pipeline companies' balancing requirements, as stated in their FERC-approved tariffs.

Cold Weather OFO Day: During a Cold Weather OFO, the Pool Operator shall be subject to the following Daily OFO Under-Delivery Imbalance provisions:

If Pool Operator's Daily Under-Delivery Imbalance Quantity is greater than 3% of Total Daily Usage, the shortfall quantities shall be Cashed-out with the Company. Pool Operator shall pay Company the following:

- (1) For each Dekatherm of Daily Under-Delivery Imbalance Quantities greater than three (3) percent of Total Daily Usage, the greater of the highest incremental gas cost paid by Company on the date of noncompliance or the Daily Under-Delivery Charge; plus
- (2) The payment of all other charges incurred by Company and attributable to Pool Operator's Daily Under-Delivery Imbalance Quantity, including pipeline penalty charges on the OFO shortfall quantities; plus
- (3) An OFO Imbalance Charge of \$10.00 per Dekatherm on the portion of the Daily Under-Delivery Imbalance Quantity that is greater than three (3) percent of Total Daily Usage; plus
- (4) Applicable taxes.

Warm Weather OFO Day: During a Warm Weather OFO, the Pool Operator shall be subject to the following Daily OFO Over-Delivery Imbalance provisions:

If Pool Operator's Daily Over-Delivery Imbalance Quantity is greater than 3% of its Total Daily Usage, Company may refuse to receive such excess quantities from the pipeline(s). If Company receives such excess quantities, they shall be Cashed out with the Company. Company shall pay the Pool Operator for each Dekatherm of Daily Over-Delivery Imbalance Quantities greater than three (3) percent of Total Daily Usage, the lesser of the lowest incremental gas cost paid by Company on the date of non-compliance or the Daily Over-Delivery Charge. Pool Operator shall pay Company the following:

- (1) The payment of all charges incurred by Company and attributable to the Pool Operator's Daily Over-Delivery Imbalance Quantity, including pipeline penalty charges on the OFO excess quantities; and
- (2) An OFO Imbalance Charge of \$10.00 per Dekatherm on the portion of the Daily Over-Delivery Imbalance Quantity that is greater than three (3) percent of Total Daily Usage; plus
- (3) Applicable taxes.

APPENDIX E

NOMINATION AND BALANCING PROVISIONS

IMBALANCE TRADING

Pool Operator may trade daily and monthly imbalance quantities with other Pool Operators or Non-Pooling Transportation Customers to reduce or eliminate its imbalances. Imbalance Trading is subject to the following Terms and Conditions:

- (1) Daily Imbalances incurred during Operational Flow Order periods are not eligible for trading.
- (2) The schedule for the trading of imbalances shall be as follows:
 - a. Company shall issue an initial statement of daily and monthly imbalances (i.e. prior to imbalance trades) to Pool Operator within ten (10) business days following the end of the month.
 - b. Pool Operator shall complete and submit its daily and monthly imbalance trades to Company within two (2) business days following the issuance of the initial imbalance statement.
 - c. Company shall issue a final imbalance statement of daily and monthly imbalances to Pool Operator within three (3) business days following the close of imbalance trading.
- (3) The quantity eligible for trading is 100% of the calculated pre-trade daily or monthly imbalance quantities. Pool Operator may not trade to establish an imbalance in the opposite direction of the original imbalance.
- (4) Company will bill both parties to an Imbalance Trade a \$10.00 Imbalance Trading Charge for each transaction. For purposes of this charge, a transaction is each transfer of gas imbalance on a specific gas day pursuant to an arrangement by, or between, Pool Operator(s) to purchase, sell, or trade gas imbalances.
- (5) Any dollar payments, receipts, or exchanges of other consideration agreed upon between the parties to an Imbalance Trading transaction are outside the scope of this tariff and must be completed between the parties themselves.
- (6) Trading of imbalances will not be permitted across operational systems, unless specifically approved in advance by Company.

WAIVER OF CHARGES

In its reasonable discretion, on a case-by-case basis, Company may waive all or part of any Charge assessable to Pool Operator pursuant to this Appendix E, provided, however, that the waiver of such Charge shall be exercised on a non-discriminatory basis. Requests for waivers must be submitted in writing to the Company.

APPENDIX F

UNACCOUNTED FOR GAS PERCENTAGE

APPLICABILITY

This Appendix shall be applicable to all Transportation Customers, School Suppliers and Pool Operators.

DESCRIPTION

1.2 % of the quantities received by Company from Transportation Customer, School Supplier or Pool Operator at a point of receipt on the Company's distribution system shall be retained by Company to compensate for unaccounted for gas.

The Unaccounted For Gas Percentage stated above shall be adjusted periodically by the Company, through updating of this Appendix, to reflect any changes in the unaccounted for gas percentage.

APPENDIX G

UNIVERSAL SERVICE FUND ADJUSTMENT

APPLICABILITY

The Universal Service Fund ("USF") Adjustment, established in accordance with the Commission's Orders in Cause Nos. 42590 and 43078, recovers the unfunded balance in the USF from customers receiving service under all rate schedules.

RATES AND CHARGES

The USF Adjustment shall be applied to each therm of metered gas usage each month. The current USF Adjustments by Rate Schedule are set forth below:

<u>Rate Schedule</u>	<u>USF Adjustment (per therm)</u>
110	\$0.0070
120	\$0.0040
125	\$0.0040
129	\$0.0040
145 (1)	\$0.0010
160 (1)	\$0.0010
170 (1)	\$0.0010

(1) During the period January 1, 2007 through May 31, 2007, the charge in any monthly billing period will not exceed \$200.00 per customer.

Effective:

APPENDIX H

PIPELINE SAFETY ADJUSTMENT

APPLICABILITY

The Pipeline Safety Adjustment ("PSA") shall be applicable to all Customers receiving Gas Service as set forth below.

DESCRIPTION

The PSA shall recover Company's incremental Operation and Maintenance expenses related to complying with federal mandates resulting from the Pipeline Safety Improvement Act of 2002. Such costs would include incremental expenses related to mapping, training, assessment, testing, data collection and storage, verification audits, remediation, right-of-way clearing, public education programs and all other incremental costs required to comply, including associated taxes.

The Company's actual, incremental pipeline safety expenses, subject to the Annual Limits below, shall be reconciled annually with the actual recovery under this Pipeline Safety Adjustment, with any difference being reflected as a charge or credit over the next twelve months.

The annual limit on actual pipeline safety expenses to be reconciled each calendar year is \$1,000,000¹.

Actual, incremental pipeline safety expenses incurred by the Company in excess of the Annual Limit shall be deferred for recovery through this PSA in a subsequent annual period or, if approved, in the Company's base rates.

PSA CHARGES

The Pipeline Safety Adjustment shall be applied to each therm of metered gas usage each month. The current PSAs by Rate Schedule are set forth below:

<u>Rate Schedule</u>	<u>PSA (\$per Therm)</u>	<u>Allocation Percentage</u> ²
110	\$0.0050	67.1635%
120/125/129/145	\$0.0028	21.9207%
160	\$0.0009	8.0013%
170	\$0.0002	2.9145%

1 The settlement agreement and Commission order in Cause No. 43112 that continues the PSA provides for a comprehensive review of the operation of the PSA after the March 31, 2010 PSA filing.

2 The allocation percentage is effective with the Commission order in Cause No. 43112.

APPENDIX I

ENERGY EFFICIENCY RIDER

APPLICABILITY

The Energy Efficiency Rider shall be applicable to all Customers served under the following Rate Schedules:

- Rate 110 – Residential Sales Service
- Rate 120 – General Sales Service
- Rate 125 – School Transportation Service

DESCRIPTION

The Energy Efficiency Rider shall be the sum of the following two components as described below, for each applicable Rate Schedule:

- (1) Energy Efficiency Funding Component (EEFC)
- (2) Sales Reconciliation Component (SRC)

Energy Efficiency Funding Component (EEFC):

The EEFC shall recover the costs of funding energy efficiency efforts throughout Company's Service Area. These efforts may include, among others, energy efficiency programs, customer education programs and weatherization programs designed to benefit Customers under the applicable Rate Schedules.

The estimated annual costs, plus related revenue taxes, shall be divided by projected sales volumes to determine the applicable EEFC. The actual costs recoverable and the actual costs recovered under the EEFC shall be reconciled, with any under or over recovery being recovered or returned via the EEFC over a subsequent twelve month period.

Sales Reconciliation Component (SRC):

The SRC shall recover eighty-five (85) percent of the differences between Actual Margins and Adjusted Order Granted Margins for the applicable Rate Schedules. The SRC shall not become effective until new base rates are approved.

Actual Margins are defined as monthly margins for each Rate Schedule, prior to the SRC adjustment. Adjusted Order Granted Margins are defined as the order granted monthly margins for each Rate Schedule as approved in Company's most recent general rate case as adjusted to reflect the change in number of customers from the order granted levels. To reflect the change in number of customers, order granted margin per customer is multiplied by the change in the number of customers since the like month during the test year, with the product being added to the order granted margins for such month.

Company shall defer eighty-five (85) percent of the calculated differences between Actual Margins and Adjusted Order Granted Margins for subsequent return or recovery via the SRC. Annually, Company shall reflect in a revised SRC the accumulated monthly margin differences.

The accumulated monthly margin differences for each Rate Schedule shall be divided by projected sales volumes for each Rate Schedule to determine the applicable SRC. Projected and actual recoveries by Rate Schedule under the SRC are reconciled, with any under or over recovery being recovered or returned over a subsequent twelve month period.

APPENDIX I **ENERGY EFFICIENCY RIDER**

ENERGY EFFICIENCY RIDER RATE

The applicable Energy Efficiency Rider Rate (the sum of the EEFC and SRC) shall be applied to each therm of metered gas usage each month.

<u>Rate Schedule</u>	(A) <u>Energy Efficiency Funding Component</u>	(B) <u>Sales Reconciliation Component</u>	(A) + (B) <u>Energy Efficiency Rider Rate</u>
110	\$0.00640	\$0.00000	\$0.00640
120/125	\$0.00640	\$0.00000	\$0.00640

All rates are given in \$/therm

Effective:

APPENDIX J

SCHOOL NOMINATION AND BALANCING PROVISIONS

APPLICABILITY

The following Provisions shall apply to School Suppliers under Rate 185.

DAILY SCHEDULING OF DIRECTED DELIVERY QUANTITIES:

By 10:00 a.m. Central Clock Time (CCT), Company will post on its EBB, School Supplier's DDQ by Pool for the gas day beginning 9:00 a.m. CCT the following day. Such DDQ shall be the sum of: 1) the Expected Demand of School Supplier's Pool for that gas day calculated using the Pool's demand equation and forecasted weather plus an Unaccounted For Gas Percentage as set forth in Appendix F; and 2) any necessary adjustments for interstate pipeline and/or Company operating constraints, system knowledge and experience, and/or prior imbalances associated with the periodic volume reconciliations. The DDQ will be stated in city gate Dekatherms. At the time of posting the DDQ, Company shall indicate the minimum, maximum or exact volume that shall be delivered by Supplier on each interstate pipeline or to each Company city gate to achieve the DDQ, and shall post any interstate pipeline and/or Company operating constraints that are expected to be in effect the following day(s). By 11:30 a.m. CCT each day, and via intra-day nominations thereafter, Supplier shall nominate to the Company via the Company's EBB the quantity of gas that it has scheduled for delivery at Company's city gate(s) for its Pool(s) for the following gas day. Supplier agrees to adhere to comply with any Company operating and/or interstate pipeline restrictions communicated by Company.

APPENDIX J

SCHOOL NOMINATION AND BALANCING PROVISIONS

BALANCING PROVISIONS

School Supplier shall be obligated to balance its forecasted DDQ with the total daily deliveries of School Supplier-Delivered Gas. An Imbalance Quantity shall exist when the School Supplier's DDQ is greater than or less than its total deliveries on a daily basis. Amounts paid by Company to School Supplier in cashing out Imbalance Quantities shall be eligible for recovery in the Gas Cost Adjustment. Amounts received by Company from School Supplier in cashing out Imbalance Quantities shall be credited against gas costs in the Gas Cost Adjustment.

The following definitions shall apply:

Daily Index Price: The Daily Midpoint Prices per Dekatherm reported in Gas Daily, in the table "Daily Price Survey" for delivery to:

- (3) Texas Gas, Zone SL; or
- (4) Chicago City-Gates.

Daily Under-Delivery Charge: The Daily Under-Delivery Charge shall be the highest of the sums of each Daily Index price and the maximum interruptible pipeline transportation rate, including fuel and all surcharges, applicable to each Daily Index Price.

Daily Over-Delivery Charge: The Daily Over-Delivery Charge shall be the lowest of the sums of each Daily Index Price and the firm pipeline transportation commodity rate, including fuel and all surcharges, applicable to each Daily Index Price.

DAILY BALANCING PROVISIONS

School Supplier shall be obligated to balance its Pool DDQ with the aggregated total daily deliveries of School Supplier-Owned Gas by the pipeline ("Total Daily Deliveries"). A Daily Imbalance Quantity shall exist when the School Supplier's Total Daily Deliveries are greater than or less than the DDQ.

Daily Under-Delivery Imbalance:

During a Cold Weather OFO, these provisions will be replaced by those specified in the section entitled Operational Flow Orders.

If School Supplier's Total Daily Deliveries are less than its DDQ, the gas shortfall shall be considered Daily Under-Delivery Imbalance Quantities. School Supplier shall pay Company for Daily Under-Delivery Gas Quantities of Total Daily Usage pursuant to the following:

- (1) the Daily Under-Delivery Charge for each Dekatherm of Under-Delivery Imbalance Quantity; plus
- (2) DDQ non-compliance charge of \$1.00 per Dekatherm; plus
- (3) All other charges incurred by Company and attributable to School Supplier's Daily Under-Delivery Imbalance Quantity, including pipeline penalty charges; plus
- (4) Applicable taxes.

Daily Over-Delivery Imbalance:

During a Warm Weather OFO, these provisions will be replaced by those specified in the section entitled Operational Flow Orders.

If School Supplier's Total Daily Deliveries are greater than its DDQ, the excess gas shall be considered Daily Over-Delivery Imbalance Quantities. Company shall pay School Supplier for each Dth of Daily Over-Delivery Gas Quantities the Daily Over-Delivery Charge.

APPENDIX J

SCHOOL NOMINATION AND BALANCING PROVISIONS

School Supplier shall pay Company for Daily Over-Delivery Gas Quantities pursuant to the following:

- (1) the DDQ non-compliance charge of \$1.00 per Dekatherm; plus
- (2) All other charges incurred by Company and attributable to School Supplier's Daily Over-Delivery Imbalance Quantity, including pipeline penalty charges; plus
- (3) Applicable taxes.

OPERATIONAL FLOW ORDERS

School Supplier is obligated, when requested by the Company through an Operational Flow Order ("OFO"), to nominate and deliver gas supply to the Company's city gates in the manner instructed by the Company. Company may call a Cold Weather OFO or a Warm Weather OFO where such action is necessary, in the Company's sole judgment, to (1) protect the reliability of Company's gas system; (2) comply with Company's Curtailment Procedures in the General Terms and Conditions Applicable to Gas Service, and/or (3) adhere to the various interstate pipeline companies' balancing requirements, as stated in their FERC-approved tariffs.

Cold Weather OFO Day: During a Cold Weather OFO, the School Supplier shall be subject to the following Daily OFO Under-Delivery Imbalance provisions:

When School Supplier has a Daily Under-Delivery Imbalance School Supplier shall pay Company the following:

- (1) For each Dekatherm of Daily Under-Delivery Imbalance Quantity the higher of the highest incremental gas cost paid by Company on the date of noncompliance or the Daily Under-Delivery Charge; plus
- (2) OFO Non-Compliance Charge of \$10.00 per Dekatherm; plus
- (3) All other charges incurred by Company and attributable to School Supplier's Daily Under-Delivery Imbalance Quantity, including pipeline penalty charges on the OFO shortfall quantities; plus
- (4) Applicable taxes.

Warm Weather OFO Day: During a Warm Weather OFO, the School Supplier shall be subject to the following Daily OFO Over-Delivery Imbalance provisions:

When a School Supplier has a Daily Over-Delivery Imbalance the Company shall pay School Supplier for each Dekatherm of Daily Over-Delivery Imbalance Quantity the lower of the lowest incremental gas cost paid by Company on the date of noncompliance or the Daily Over-Delivery Charge.

School Supplier shall pay Company for Daily Over-Delivery Quantities pursuant to the following:

- (1) OFO Non-Compliance Charge of \$10.00 per Dekatherm; plus
- (2) All charges incurred by Company and attributable to the School Supplier's Daily Over-Delivery Imbalance Quantity; including pipeline penalty charges on the OFO excess quantities; plus
- (3) Applicable taxes.

APPENDIX J

SCHOOL NOMINATION AND BALANCING PROVISIONS

IMBALANCE TRADING

School Supplier may trade daily imbalance quantities with other School Suppliers to reduce or eliminate its imbalances. Imbalance Trading is subject to the following Terms and Conditions:

- (1) Daily Imbalances incurred during Operational Flow Order periods are not eligible for trading.
- (2) The schedule for the trading of imbalances shall be as follows:
 - a. Company shall issue an initial statement of monthly imbalances (i.e. prior to imbalance trades) to School Supplier.
 - b. School Supplier shall complete and submit its monthly imbalance trades to Company within two (2) business days following the issuance of the initial imbalance statement.
 - c. Company shall issue a final imbalance statement of monthly imbalances to School Supplier within three (3) business days following the close of imbalance trading.
- (3) The quantity eligible for trading is 100% of the calculated pre-trade daily imbalance quantities. School Supplier may not trade to establish an imbalance in the opposite direction of the original imbalance.
- (4) Any City-gate Non-Compliance volumes will not be changed due to trading of imbalances, and will be subject to the City-Gate Non-Compliance Charge.
- (5) Company will bill both parties to an Imbalance Trade a \$10.00 Imbalance Trading Charge for each transaction. For purposes of this charge, a transaction is each transfer of gas imbalance on a specific gas day pursuant to an arrangement by, or between, School Supplier(s) to purchase, sell, or trade gas imbalances.
- (6) Any dollar payments, receipts, or exchanges of other consideration agreed upon between the parties to an Imbalance Trading transaction are outside the scope of this Tariff for Gas Service and must be completed between the parties themselves.
- (7) Trading of imbalances will not be permitted across operational systems or Gas Transportation Programs.

VOLUME RECONCILIATIONS

Annual Reconciliation:

Company will identify imbalances on an annual basis for each School Supplier's Pool through calculating the difference between the Pool's Delivered Supplies and its Pool's Usage. Calculation of imbalances will be based on Supplier's monthly deliveries to its Pool reduced by the Unaccounted For Gas Percentage as set forth in Appendix F and compared to the Pool's total usage.

School Supplier will eliminate any annual imbalances via either:

- (1) payment from Company for Over-Delivery Imbalance Quantities, or
- (2) payment from School Supplier for Under-Delivery Imbalance Quantities

at the "Weighted Average Imbalance Price" calculated based on

- (1) School Supplier deliveries; and
- (2) the arithmetic average of the "Monthly Contract Index" prices published as reported by Inside FERC's Gas Market Report in the table "Prices of Spot Gas Deliveries to Pipelines" for the applicable months during the period of delivery to:

(1) Texas Gas Transmission Corp., Zone SL; or

(2) Upper Midwest, Chicago City-Gates,

inclusive of firm pipeline transportation commodity rate, fuel and all surcharges, and adjusted for the necessary taxes.

APPENDIX J

SCHOOL NOMINATION AND BALANCING PROVISIONS

WAIVER OF CHARGES

In its reasonable discretion, on a case-by-case basis, Company may waive all or part of any Charge assessable to School Supplier pursuant to this Appendix J, provided, however, that the waiver of such Charge shall be exercised on a non-discriminatory basis. Requests for waivers, showing justifiable cause, must be submitted in writing to Company.

RIDER ED

ECONOMIC DEVELOPMENT RIDER

AVAILABILITY

This Rider shall be available throughout Company's Service Area, subject to the availability of adequate facilities and gas supplies, which determinations shall be within Company's reasonable discretion.

APPLICABILITY

The Economic Development Rider is applicable to any new Non-Residential Customer who occupies a new or existing establishment, and to any existing Non-Residential Customer who expands an existing establishment, who:

1. Receives service under Rate 145 or 160,
2. Makes application to Company for service under this Rider,
3. Uses at least 5,000 Dth per year at a single location,
4. Has applied for and received economic assistance from State or local government or other public agency, and either:
5. Adds 25 incremental full-time employees to its workforce at the same location, or
6. Makes an incremental capital investment of at least one million dollars (\$1,000,000) at the same location.

For new Customers, application for service hereunder must be made at the time of initial application for gas service.

This Rider is not available:

1. To a Customer who is a "new" Customer as a result of a change in ownership of an existing establishment, or
2. For renewal of service following service interruptions related to, but not limited to, equipment failure, temporary plant shutdown, work stoppage, or economic conditions.

EVIDENCE OF CONTINUING APPLICABILITY

Customer shall make available to Company, at its reasonable request, evidence of full-time employment levels and capital investments used as the basis for applicability for receiving service hereunder.

RATES AND CHARGES

Customer receiving service under this Rider:

1. Shall be billed 50% of the Distribution Charge due per month under the applicable Rate Schedule for all "incremental volumes" (defined below), for a period of twenty-four (24) consecutive months.
2. Shall designate the date on which the 50% reduction applicable to Distribution Charges on incremental volumes shall commence, said date not to be later than twelve (12) months after Company's approval of Customer's application.
3. Shall continue to be billed the full amount of all other Monthly Rates and Charges applicable to the Rate Schedule under which Customer is receiving service.
4. Shall resume being billed the full Monthly Rates and Charges under the applicable Rate Schedule after receiving service under this Rider for twenty-four (24) months.

RIDER ED

ECONOMIC DEVELOPMENT RIDER

INCREMENTAL VOLUMES

1. For new Customers, "incremental volumes" are defined as all volumes, subject to Customer having met the 5,000 Dth per year minimum threshold.
2. For existing Customers, "incremental volumes" must be at least 5,000 Dth per year, and will be determined by Company, giving consideration to Customer's historical usage.

CONTRACT

Upon approval of application by Company, Customer must enter into a Contract under this Rider. The Contract shall also include such other terms and conditions which Company determines in its reasonable discretion to be necessary or advisable in connection with offering service under this Rider, including, but not limited to, the requirement for Customer to pay to Company the difference between the total charges under this Rider and the otherwise applicable Rate Schedule charges if during the term of the Contract Customer fails to meet the employment additions / retentions specified at the beginning of the service relationship.

Establishments for which a change in ownership occurs after Customer enters into a Contract under this Rider shall continue to receive service hereunder for the balance of the term of the Contract, as long as all other conditions of the Contract and this Rider are upheld by Customer.

Company reserves the right to immediately terminate service under this Rider, if Company determines that Customer has failed to comply with the terms of Applicability at any time during the term of the Contract.

EXPIRATION

This Rider shall expire on December 31, 2012. Customers making application for service hereunder prior to this date shall be eligible for the full twenty-four (24) months of Distribution Charge discount described herein.

RIDER AD

AREA DEVELOPMENT RIDER

AVAILABILITY

This Rider shall be available throughout Company's Service Area, subject to the availability of adequate facilities and gas supplies, which determinations shall be within Company's reasonable discretion.

APPLICABILITY

The Area Development Rider is applicable to any Non-Residential Customer who:

1. Receives service under Rate 145 or 160,
2. Makes application to Company for service under this Rider,
3. Uses at least 5,000 Dth per year at this single location, and
4. Qualifies for one of the following area development categories:

Urban Redevelopment: Any new Customer who locates in an existing building of 25,000 square feet or more, which has been unoccupied and/or remained dormant for a period of two (2) years or more, as determined by the Company, or

Brownfield Redevelopment: Any Customer who locates a new or existing establishment in a designated Brownfield Redevelopment Area (as defined by Indiana or Federal Law), or

Economic Development Zone: Any new Customer who locates in a new or existing establishment or any existing Customer who expands an existing establishment, in a designated Urban Enterprise Zone, Airport Development Zone, Certified Technology Park, or other similarly designated zone, and either (1) adds at least 15 incremental full-time employees to its workforce at the same location, or (2) makes an incremental capital investment of at least five hundred thousand dollars (\$500,000) at the same location. Employment additions and capital investments must occur within a reasonable period following Company's approval of the Contract.

For new Customers, application for service under this Rider must be made at the time of initial application for Gas Service.

This Rider is not available:

1. To a Customer who is a "new" Customer as a result of a change in ownership of an existing establishment, or
2. For renewal of service following service interruptions related to, but not limited to, equipment failure, temporary plant shutdown, work stoppage, or economic conditions.

EVIDENCE OF CONTINUING APPLICABILITY

Customer shall make available to Company, at its reasonable request and as applicable, evidence of full-time employment levels and capital investments used as the basis for applicability for receiving service hereunder.

RIDER AD

AREA DEVELOPMENT RIDER

RATES AND CHARGES

Customer receiving service under this Rider:

1. Shall be billed the full Monthly Rates and Charges under the applicable Rate Schedule for all "incremental volumes" (defined below), for a period of sixty (60) consecutive months, except that the applicable Rate Schedule Distribution Charge, exclusive of any charges from applicable Appendices or Riders, shall be discounted as follows:
 - a. For the first 12-month period, the Distribution Charge will be discounted by 50% per month;
 - b. For the second 12-month period, the Distribution Charge will be discounted by 40% per month;
 - c. For the third 12-month period, the Distribution Charge will be discounted by 30% per month;
 - d. For the fourth 12-month period, the Distribution Charge will be discounted by 20% per month;
 - e. For the fifth 12-month period, the Distribution Charge will be discounted by 10% per month.
2. Shall resume being billed the full Monthly Rates and Charges under the applicable Rate Schedule after receiving service under this Rider for sixty (60) months.
3. Shall designate the date on which the discount applicable to Distribution Charges on incremental volumes shall commence, said date not to be later than twelve (12) months after Company's approval of Customer's application.

INCREMENTAL VOLUMES

1. For new Customers, "incremental volumes" are defined as all volumes, subject to Customer having met the 5,000 Dth per year minimum threshold.
2. For existing Customers, "incremental volumes" must be at least 2,500 Dth per year, and will be determined by Company, giving consideration to Customer's historical usage.

CONTRACT

Upon approval of application by Company, Customer must enter into a Contract under this Rider. The Contract shall also include such other terms and conditions which Company determines in its reasonable discretion to be necessary or advisable in connection with offering service under this Rider, including, but not limited to, the requirement for Customer to pay to Company the difference between the total charges under this Rider and the otherwise applicable Rate Schedule charges if during the term of the Contract Customer fails to meet the employment additions / retentions specified at the beginning of the service relationship.

Establishments for which a change in ownership occurs after Customer enters into a Contract under this Rider shall continue to receive service hereunder for the balance of the term of the Contract, as long as all other conditions of the Contract and this Rider are upheld by Customer.

Company reserves the right to immediately terminate service under this Rider, if Company determines that Customer has failed to comply with the terms of Applicability at any time during the term of the Contract.

EXPIRATION

This Rider shall expire on December 31, 2012. Customers making application for service hereunder prior to this date shall be eligible for the full sixty (60) months of Distribution Charge discount described herein.

Effective:

GENERAL TERMS AND CONDITIONS **APPLICABLE TO GAS SERVICE**

APPLICABILITY

These Terms and Conditions shall be applicable to Gas Service provided by Company. In the event Company's Terms and Conditions conflict with any Definition, Rate Schedule or Appendix, the Terms and Conditions shall be controlling.

1. APPLICATION OR CONTRACT REQUIRED FOR GAS SERVICE

- A. An application and/or contract, properly executed, may be required from Customer before Company will provide Gas Service, provided, however, that Company shall have the right to reject any application and/or offer of contract for any valid reason.
- B. When Customer's application for Gas Service is accepted by Company, such application and acceptance shall constitute an agreement between Customer and Company.
- C. Company shall determine the availability of Gas Service and the conditions under which Gas Service shall be provided.
- D. Company shall prescribe reasonable terms to be included in the contract between Company and Customer.
- E. If a contract between Company and Customer contains any provision which is contrary to, or becomes contrary to, any Definition, Rate Schedule, Company's Terms and Conditions, the Commission's Regulations, any lawful decision of the Commission or is, or becomes, otherwise not in accordance with valid local, state and/or federal laws, such provision shall be of no force or effect.
- F. In its reasonable discretion, Company may require a long-term contract when unusual construction or equipment expense is necessary to provide Gas Service.
- G. Company may refuse Gas Service or disconnect Gas Service on account of arrearages due for Gas Service furnished to persons formerly receiving service at the Premises as Customer of Company, if the former Customer continues to reside at such Premises.

2. ALL AGREEMENTS TO BE INCORPORATED IN CONTRACT

No promises, agreements or representations of any agent of Company shall be binding upon Company unless the same shall have been incorporated in a written contract before such contract is signed and approved by an authorized agent of Company.

3. ASSIGNMENT OF CONTRACT

The benefits and obligations of any contract for Gas Service shall inure to and be binding upon successors and assigns, and executors or administrators, as the case may be, of the original parties thereto, respectively, for the full-term thereto; provided that no assignment thereof shall be made by Customer without first obtaining Company's prior written consent.

4. DATA ON CUSTOMER'S INSTALLATION

Upon request of Company, Customer shall present in writing to Company a list of the equipment or appliances which are or will be connected to Company's lines, giving the locations on the Premises and the nameplate input ratings of all such equipment or appliances.

5. CONSENT FROM COMPANY BEFORE INCREASING LOAD

Commercial and Industrial Customers shall not install gas equipment of any kind or otherwise increase the demand for Gas Service beyond existing contractual limits or facilities capabilities except upon prior written consent from Company.

GENERAL TERMS AND CONDITIONS **APPLICABLE TO GAS SERVICE**

6. EXTENSION OF COMPANY'S FACILITIES

- A. The obligation of Company to provide any extension of facilities shall be subject to the Restrictions and Curtailments of Gas Service made effective pursuant to other provisions of Company's Terms and Conditions and as otherwise provided by law.
- B. Upon request for Gas Service by a prospective Customer or a group of prospective Customers located in the same area, Company will extend without charge its facilities including distribution mains, underground service pipes, meters and other equipment necessary to provide the service provided:
 - 1) that Company's estimate of its Non- Gas Cost revenue from such Gas Services provided to the prospective Customer(s) for a period of five and one-half (5.5) years is equivalent to or in excess of Company's estimate of the cost of providing such facilities, and;
 - 2) the prospective patronage or demand is of such permanency as to warrant the capital expenditure involved.
- C. If the cost of the facilities necessary to provide the Gas Service requested exceeds the without-charge limit; Company may require either a deposit or adequate provision of the payment of a deposit equal to the cost of the facilities extension in excess of the without-charge limit.
- D. Any refundable extension deposit accepted by Company shall be subject to refund until the expiration of the six-year contract period. For each Customer connected to the extension, Company shall refund an amount by which five and one-half (5.5) times the estimated annual Non-Gas Cost Revenue for gas appliances actually installed exceeds the estimated cost of connecting such Customer. At no time shall the aggregate refund made to any depositor exceed the amount of extension deposit received from such depositor.
- E. Upon request for Gas Service by a prospective Customer where, in Company's opinion, the facilities extension is of such length and the prospective revenue which may be developed by it is so meager as to make it doubtful whether the revenue from the extension would ever pay a fair return on the investment involved, or in the case of a real estate development with slight or no immediate demand for service, or in the case of Industrial installations requiring slight or irregular service and requiring extensive equipment, such facilities extension requests shall be submitted to the Commission for investigation and determination as to the convenience and necessity of such extension, and if so required, the conditions under which they shall be made.

GENERAL TERMS AND CONDITIONS **APPLICABLE TO GAS SERVICE**

7. COMPANY'S SERVICES, METERS AND APPURTENANCES

- A. Company shall locate the point to which the service connection will be made, and subject to other provisions of Company's Terms and Conditions, shall furnish, install and maintain all piping up to the inlet of the meter.
- B. Customer shall provide, at no expense to Company, a suitable route for the service line and a place near the service entrance, acceptable to Company, for the meter or meters and any necessary appurtenant devices which may be provided by Company.
- C. Customer shall allow Company the necessary easements or consents authorizing the installation and maintenance, on, over and through Customer's private property, of all piping, meters or allied equipment as may be necessary or convenient for providing Gas Service to Customer, either by Customer's agreement to abide by Company's Terms and Conditions, or execution of Company-Supplied forms for such specific easements.
- D. All Gas Service provided by Company shall be measured by a meter or meters installed and maintained by Company in accordance with the Commission's Regulations.
- E. Customer may be required to contribute to part or all of the costs of such facilities including applicable taxes.

8. CUSTOMER'S RESPONSIBILITY FOR COST OF FACILITIES MODIFICATIONS

If Customer either by request or by action requires that Company's facilities be redesigned, re-engineered, relocated, removed, modified, or reinstalled, Company may require Customer to make payment to it of the full cost of performing such facilities modifications including any applicable taxes.

9. COMPANY PROPERTY AND PROTECTION THEREOF

All meters and other equipment furnished by and at the expense of Company which may at any time be on or in Customer's Premises, shall, unless otherwise expressly provided, be and remain the property of Company, and Customer shall protect such property from loss or damage, and nobody except authorized agents of Company, shall be permitted to remove, change or adjust such property.

GENERAL TERMS AND CONDITIONS **APPLICABLE TO GAS SERVICE**

10. CUSTOMER'S PIPING, APPLIANCES AND EQUIPMENT

- A. Customer shall furnish, install and maintain all necessary piping beyond the outlet side of the meter and the appliances and equipment connected to such piping, in accordance with applicable state and local codes, regulations and/or requirements and in accordance with Company's Terms and Conditions.
- B. It shall not be the duty of Company to inspect Customer's piping, appliances or equipment.
- C. Company reserves the right to refuse to provide Gas Service when conditions are believed to be dangerous, hazardous, or otherwise unacceptable in the judgment of Company, although Company is under no duty to make such a judgment.
- D. Except as authorized by Company, no Gas Service other than that being provided by Company shall be used on the same installation as is used for the service supplied by Company.

11. ACCESS TO CUSTOMER'S PREMISES

Authorized agents of Company shall have access to Customer's Premises at all reasonable times for the purpose of:

- A. Turning on or shutting off, reading, inspecting, testing, repairing, or replacing the meter or meters or other equipment used in providing Gas Service and for removing the same upon the termination of the contract and/or discontinuance of Gas Service;
- B. Determining the compliance of Customer with the applicable Rate Schedule and Appendices, contract with the Company, Company's Terms and Conditions, or the Commission's Regulations; and
- C. Accessing Customer's gas appliances to re-light or turn off pilot lights.

GENERAL TERMS AND CONDITIONS **APPLICABLE TO GAS SERVICE**

12. PREDICATION OF RATE SCHEDULES

- A. Company's Rate Schedules are predicated upon one type of Gas Service being provided separately to Customer at a single Premises.
- B. The combining through one meter of Gas Services under two or more Rate Schedules or to two or more Premises shall not be permitted.

13. CUSTOMER'S SELECTION OF RATE SCHEDULE

- A. When more than one Rate Schedule is applicable to Customer, Customer shall select which Rate Schedule Customer desires, provided that each selection of Rate Schedule shall remain in effect for no less than a twelve-month period.
- B. Company does not guarantee that Customer shall be served under the most favorable Rate Schedule at all times, and no refund shall be made for the difference in charges between the Rate Schedule under which Gas Service has been provided and another applicable Rate Schedule.

14. RESALE OF SERVICE

Gas Service shall not be provided to any Customer for resale in whole or in part, except to a public utility regulated by the Commission or for the express and limited purpose of providing NGV Service. However, Company is under no obligation to provide Gas Service for resale to another public utility.

GENERAL TERMS AND CONDITIONS **APPLICABLE TO GAS SERVICE**

15. METERING

- A. Certain charges for Gas Service provided to Customer shall be calculated based upon the measurement of the meter or meters installed by Company.
- B. Whenever it is determined that an installed meter is not recording within the limits of accuracy as prescribed by the Commission's Regulations, a billing adjustment shall be made in accordance with the Commission's Regulations.
- C. Meters shall be read monthly, or at other intervals as the circumstances may require, at the option of the Company.
- D. For billing purposes, where gas is metered at low pressure (inches of water column), a cubic foot of gas shall be taken to be the amount of gas in a volume of one cubic foot under the conditions existing in Customer's meter as and where installed; provided, however Company may at its option install meters which will compensate for changes in temperature above or below 60° Fahrenheit.
- E. For billing purposes, where gas is metered at higher pressure (psig), the volume of gas measured shall be corrected to correspond to a gas of standard conditions, free of water vapor, at a temperature of 60° Fahrenheit and an absolute pressure of 14.65 pounds per square inch.
- F. When, for the convenience of Company, more than one meter is installed on one Premises for metering Gas Service to Customer under one Rate Schedule, the sum of the measurements of all such meters may be used to render one Bill.
- G. When, for the convenience of Customer, more than one meter is installed on one Premises for metering Gas Service to Customer under one Rate Schedule, separate Bills may be rendered for each meter, at the applicable rates and charges.

GENERAL TERMS AND CONDITIONS **APPLICABLE TO GAS SERVICE**

16. BILLING

- A. Bills for Gas Service shall be rendered monthly. A billing month shall be as near to thirty days as is practicable, but may exceed that period as the circumstances may require.
- B. In order to render monthly Bills, for good cause Company may estimate the monthly usage of gas of any Customer, with appropriate adjustments to be made by Company on the first Bill rendered following the reading of the meter. Good cause includes but is not limited to:
 - 1. request of Customer;
 - 2. inclement weather;
 - 3. labor or union disputes;
 - 4. inaccessibility of Customer's meter if Company has made a reasonable attempt to read the meter, but was unable to;
 - 5. non-monthly meter reading schedule or no meter read on final bill; and
 - 6. other circumstances beyond the reasonable control of the Company, its agents, and employees.
- C. Any Customer who does not desire to receive an estimated Bill may read its meter and communicate the readings to the Company in an appropriate format that will be provided by Company.
- D. The Company offers an optional alternative billing method for eligible Residential and Small Commercial Customers that averages the Customer's estimated bill over an extended period ("Budget Bill"). The Customer's normal monthly Budget Bill amount shall be based on a reasonably accurate estimation of future bills and shall be subject to no more than a single mid-cycle bill adjustment. Year-end Customer actual bill balances in excess of the normal monthly Budget Bill amount shall be rolled into the Customer's next year's normal monthly Budget Bill amounts.

17. PAYMENT OF BILLS

- A. Bills must be paid through a Company authorized method of payment, including mail-in payments, bank drafts (ACH), approved pay sites, electronic check and credit card payments, and electronic funds transfer, as they may change from time to time.
- B. If a Bill payment is not received by Company through an authorized method of payment on or before the gross payment date stated on the Bill, Customer shall be considered delinquent in payment and a late payment charge shall be levied.
- C. The gross payment date shall be at least seventeen days after the Bill is mailed by Company. When such date falls on a Saturday, Sunday, and other legal holiday, or a day Company's office is not open for business, the gross payment date shall be the first business day thereafter.
- D. Failure to receive a Bill shall not entitle Customer to pay the net Bill, if Customer fails to make payment on or before the gross payment date, nor shall it affect the right of Company to discontinue Gas Service for nonpayment of Bill as provided in the Commission's Regulations.

GENERAL TERMS AND CONDITIONS **APPLICABLE TO GAS SERVICE**

18. DEPOSIT OR ARRANGEMENT TO ENSURE PAYMENT OF BILL

- A. Company may require from a present or prospective Residential Customer a cash deposit when standards of creditworthiness, as set forth in the Commission's Regulations, are not satisfied. The amount of such deposit shall not exceed one-third of the expected annual billing for Gas Service to be furnished to Customer.
- B. Company may require from a present or prospective Commercial or Industrial Customer a cash deposit equal to the sum of estimated billing amounts for Customer's two consecutive months of highest usage. Such deposits may be based on historical or expected usage.
- C. In lieu of a cash deposit, Company may in its reasonable discretion require an alternative security arrangement (e.g., a prepayment which is intended to serve the same purpose as a cash deposit).
- D. Interest will be paid, at an interest rate set annually by the Commission, on deposits held more than thirty (30) days, beginning with the date of deposit to the date the deposit is credited to Customer's account.
- E. Deposits for Residential Customers will be credited to Customer's Bill after Customer has established a creditworthy payment record in accordance with standards set forth in the Commission's Regulations. At the request of Customer, the deposit shall be refunded to Customer in lieu of being credited to Customer's Bill.
- F. The deposit of a Residential Customer who does not establish a creditworthy payment record may be retained by Company until Gas Service is discontinued.
- G. The deposit of a Commercial or Industrial Customer may be retained by Company until Gas Service is discontinued.
- H. The deposit, plus accrued interest, if any, may be applied to the final Bill when Gas Service is discontinued. After applying the deposit and interest to the final Bill, any credit balance shall be refunded to Customer. Credit balances less than \$10.00 will not be refunded to Customer unless so requested by Customer.

GENERAL TERMS AND CONDITIONS **APPLICABLE TO GAS SERVICE**

19. DISCONTINUANCE OF SERVICE AT CUSTOMER'S REQUEST

- A. Whenever Customer desires to have Gas Service discontinued, the Customer shall notify Company at least three working days in advance of the day discontinuance is desired. Customer shall remain responsible for all Gas Service used and the billing rendered therefore, until Gas Service is discontinued pursuant to such notice.
- B. When Customer has entered into a contract with Company to take Gas Service from Company and Customer orders discontinuance of Gas Service before the expiration dates as established in the contract, Customer shall be liable for the payment of all applicable charges for the months remaining in the un-expired period of the contract term. Customer's liability for those charges shall be in addition to any other rights, which Company may have with respect to the contract.

20. DISCONTINUANCE OF SERVICE WITHOUT NOTICE

Company can discontinue Gas Service to Customer without notice for any of the following reasons:

- A. For emergency repairs; or
- B. For lack of sufficient capacity or quantities of gas supply; or
- C. To maintain normal operating pressures; or
- D. If Company's regulators, meters, or other appurtenances or connections thereto have been tampered with and Company has reasonable grounds to believe that the affected Customer is responsible for such tampering; or
- E. If fraudulent or unauthorized use of gas is detected and Company has reasonable grounds to believe the affected Customer is responsible for such use; or
- F. If there exists in Customer's piping or in connection with Customer's gas-using equipment, any condition which, in Company's judgement, is dangerous or hazardous to life, physical safety or property; or
- G. If there exists any other condition which, in Company's judgement, is dangerous or hazardous to life, physical safety or property; or
- H. For any violation of Company's rules pursuant to Rule 28;
- I. For any other lawful reason.

Such discontinuance shall not, however, invalidate any contract and Company shall have the right to enforce any contract, notwithstanding such discontinuance.

GENERAL TERMS AND CONDITIONS **APPLICABLE TO GAS SERVICE**

21. LIMITATIONS OF LIABILITY

- A. Neither Company nor Customer shall be liable to the other for any act, omission or event caused by strikes, acts of God, or unavoidable accidents or contingencies beyond its control.
- B. Company shall not be liable for damages for any failure to supply gas or for an interruption, limitation, or curtailment of Gas Service, whether or not such disruption is ordered by a governmental agency having jurisdiction, if such failure, interruption, limitation, or curtailment is due to the inability of Company to obtain sufficient gas supplies at economical prices from its usual and regular sources or due to any other cause whatsoever other than willful default of Company.
- C. Company shall not be liable for damages caused by defective piping or appliances on Customer's Premises.
- D. Company shall not be liable for damages resulting to Customer or to third persons from the presence or use of gas or the presence of Company's equipment on Customer's Premises, unless due to the willful default or negligence on the part of Company.

22. NOTICE BY COMPANY

- A. Notice by Company to Customer may be given by letter, statement or postcard deposited in the United States mail or private carrier with postage prepaid, or by facsimile, or email, or where written notice is not required, notice may be given by physical note or orally by any authorized agent of Company, either in person or by telephone.
- B. The notice shall be considered given:
 - 1. When actually communicated in the case of oral notice; or
 - 2. When deposited in the United States mail or placed with private carrier when notice is given by letter, statement or postcard; or
 - 3. When sent when notice is given by facsimile; or
 - 4. When a physical note is left at Customer's Premises.

GENERAL TERMS AND CONDITIONS **APPLICABLE TO GAS SERVICE**

23. GAS SERVICE TO MOBILE HOME PARKS

The obligation of Company to provide any extension of facilities shall be subject to the restrictions, limitations and curtailments of service made effective pursuant to other provisions of Company's Terms and Conditions. Subject to the foregoing, Company shall provide Gas Service to a Mobile Home Park ("Park") under the following conditions:

- A. Permanency. The Park shall be of a definite permanent nature and have improved streets, individual water and sewer connections to each lot and each mobile home must rest on a concrete slab.
- B. Size. The Park shall have at least ten or more sites on which mobile homes may be located.
- C. Main Extensions. Main extensions shall be made in accordance with Rule 6 of Company's Rules, but for purposes of Rule 6, each Park Operator shall be considered to be the Customer. Revenue estimates shall be determined by Company based on its knowledge of gas usage of mobile homes, taking in account the number and nature of gas appliances to be used and any other reasonable factors. Each Park Operator shall enter into an extension of facilities contract for construction of gas mains, if the Park does not have enough existing mobile homes equipped with gas appliances to justify a gas main extension under Rule 6.
- D. Easement. The Park Operator shall cause Company to be granted an easement in form and substance satisfactory to Company for the construction, maintenance and operation of Company's gas distribution system, together with the right of free access to read meters and repair or remove Company's services, regulators, meters and any other facilities installed by Company.
- E. Extension and Metering. Company shall upon execution of an extension of facilities contract or work order showing economic feasibility and receipt of a proper easement, construct and maintain the required distribution system to serve the Park. Company shall extend service to each mobile home site to be supplied. The gas riser and the meter for each mobile home site shall be located in the rear one-third section of the site and not less than eighteen (18) inches from the roadside wall of the mobile home, unless a different location is deemed necessary by Company.

GENERAL TERMS AND CONDITIONS **APPLICABLE TO GAS SERVICE**

- F. Fuel Lines. The Park Operator or mobile home Customer shall furnish, install, and maintain all fuel lines beyond Company's meters to the point of connection with the mobile home piping. The fuel lines to individual mobile home sites shall be:
1. Adequately sized to provide minimum pressure drop, but in no case less than ¾" pipe,
 2. Equipped with a terminal shutoff at a point adjacent to the mobile home, and
 3. Connected to the mobile home piping with either a semi-rigid tube or all-metallic flexible connector that shall be looped to prevent strain caused by settling or movement of the mobile home.
- G. Meter Protection. The Park Operator shall provide substantial protection satisfactory to Company for the gas riser and meter so as to minimize the likelihood of damage by moving of the mobile home.
- H. Relocation of Facilities. The Park Operator shall keep the gas distribution system free and clear of any obstruction that will interfere with the maintenance of the system and shall not construct or maintain any structure over Company's distribution mains or services. When there is a change in the Park's operation or construction which, in the judgment of Company, makes the relocation of the gas facilities necessary, or if relocation is requested by the Park, Company will move such facilities at the Park's expense to a location acceptable to Company to be provided by the Park.
- I. Rate Schedule. Gas Service will be supplied and metered separately to each single occupancy dwelling unit and/or such Park facility under the applicable Rate Schedule.

GENERAL TERMS AND CONDITIONS **APPLICABLE TO GAS SERVICE**

24. CURTAILMENT PROCEDURES

When sufficient capacity or quantities of gas are not available to Company to meet existing and reasonably anticipated demands for Gas Service or to protect and replenish Company's underground gas storage reserves, which determinations shall be within Company's reasonable discretion, Company shall have the right to curtail Gas Service within any of its distribution systems so affected in accordance with the provisions of this Rule.

A. **Definitions.** For the purpose of this Rule, the following terms shall have the meanings defined below:

- (1) **Firm Curtailment Customer.** A Firm Curtailment Customer shall mean any Customer whose Average Daily Throughput in any billing month during or subsequent to the Base Period exceeds 1,000 therms.
- (2) **Average Daily Throughput.** The Average Daily Throughput for any Base Period billing month shall be the Firm Curtailment Customer's metered Throughput during such month divided by the number of days in the month.
- (3) **Base Period.** The Base Period is any twelve consecutive billing months as established by Company.
- (4) **Normal Monthly Throughput.** The Normal Monthly Throughput shall be the Firm Curtailment Customer's metered Throughput during each billing month of the Base Period. These quantities may be adjusted by Company for unusual circumstances.
- (5) **Human Needs Customers.** Human Needs Customers shall include hospitals, medical centers, nursing homes, and other Customers as determined by Company, whose Curtailment could adversely affect public health or safety.
- (6) **Gas Supply Curtailment.** Curtailment resulting from insufficient quantities of Company-supplied gas to meet the existing and reasonably anticipated demands of Company's Sales Customers, temporarily-supplied School Suppliers' Pool Customers, or to protect and replenish Company's gas storage reserves.
- (7) **Capacity Curtailment.** Curtailment resulting from insufficient distribution system capacity to supply Gas Services to Company's Gas Service Customers.
- (8) **Plant Protection Level** - The minimum quantity of Gas Service for Firm Curtailment Customers required by Customer to prevent endangering the health or safety of personnel, or to prevent extensive damage to Customer's facilities, equipment, or other property. This includes the protection of such material currently in process at the time a Curtailment is called which would otherwise be destroyed, but shall not include Gas Service required to maintain plant production.

GENERAL TERMS AND CONDITIONS **APPLICABLE TO GAS SERVICE**

B. **Curtailment Sequences.** Company shall have the right to curtail Gas Service to its Customers according to the following sequences. Such Curtailment shall be effective as of the date and time specified in the notice to Customer. When necessary in the sole opinion of Company, Gas Service shall be maintained to Human Needs Customers or other Customers who would otherwise be curtailed, to the extent necessary and practicable under the circumstances.

B1. Gas Supply Curtailment Sequence.

- (1) First, Rate 145, 160 and 170 Non-Pooling Transportation Customers and Pool Operators' and School Suppliers' Pools (under Rate Schedules 180 and 185) shall be subject to the Cold Weather OFO in Appendix E and Appendix J as applicable.
- (2) Next, as determined by Company, all Firm Curtailment Customers' purchases of Company-supplied gas shall be limited to either:
 - (a) their respective Average Daily Throughput each day over any portion of the billing month, or
 - (b) their respective Normal Monthly Throughput.
- (3) Next, as determined by Company, all Firm Curtailment Customers' purchases of Company-supplied gas shall be curtailed prorata, either:
 - (a) on a daily basis for any period specified by Company by application of a uniform percentage curtailment to their respective Average Daily Throughput, or
 - (b) on a billing month basis by application of a uniform percentage curtailment to their respective Normal Monthly Throughput.

At this point in the Curtailment sequence, Firm Curtailment Customers Purchasing Company-Supplied Gas shall not be curtailed to a daily quantity less than their respective Plant Protection Levels.

- (4) Next, all Firm Curtailment Customers' purchases of Company-supplied gas shall be curtailed to a daily quantity equal to their respective Plant Protection Levels.
- (5) Next, Rate 145, 160 and 170 Non-Pooling Transportation Customers transportation gas quantities on Company's system shall be limited to Customers' respective Plant Protection Levels, and the remainder of their delivered supply shall be diverted to use for Company Supply.
- (6) In the event further Curtailment is required to maintain Gas Service, Company shall be entitled to curtail or interrupt Gas Service to any Customer.
- (7) Compensation for the diversion of Customers' transportation gas quantities as provided for in Rules 24(B1)(5), for each Dekatherm of diverted gas each day will be in the amount of:

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GENERAL TERMS AND CONDITIONS **APPLICABLE TO GAS SERVICE**

- (a) The applicable Daily Midpoint Price per Dekatherm as reported in Gas Daily in the table "Daily Price Survey", for delivery to:
 - 1) Texas Gas, Zone SL, or
 - 2) Chicago City-Gates, plus
- (b) the maximum interruptible transportation rate, including all applicable surcharges, for the applicable pipeline delivering the diverted gas to Company's system; plus
- (c) The average premium paid by the Company (stated on a per dekatherm basis) to firm gas suppliers.

Such gas costs shall be recoverable by Company through the Gas Cost Adjustment.

B2. Capacity Curtailment Sequence.

- (1) First, Rate 145, 160 and 170 Non-Pooling Transportation Customers and Pool Operators' and School Suppliers' Pools (under Rate Schedules 180 and 185) shall be subject to the Cold Weather OFO in Appendix E and Appendix J as applicable.
- (2) Next, as determined by Company, all Firm Curtailment Customers' transportation quantities or purchases of Company-supplied gas, as applicable, shall be limited to either:
 - (a) their respective Average Daily Throughput each day over any portion of the billing month, or
 - (b) their respective Normal Monthly Throughput.
- (3) Next, as determined by Company, all Firm Curtailment Customers' transportation quantities or purchases of Company-supplied gas, as applicable, shall be curtailed prorata, either:
 - (a) on a daily basis for any period specified by Company by application of a uniform percentage curtailment to their respective Daily Throughput, or
 - (b) on a billing month basis by application of a uniform percentage curtailment to their respective Normal Monthly Throughput.

At this point in the Curtailment sequence, a Firm Curtailment Customer shall not be curtailed to a daily quantity less than its Plant Protection Level.

- (4) Next, all Firm Curtailment Customers shall be curtailed to their respective Plant Protection Levels.
- (5) In the event further Curtailment is required to maintain Gas Service, Company shall be entitled to curtail or interrupt deliveries of Gas Service to any Customer.

GENERAL TERMS AND CONDITIONS **APPLICABLE TO GAS SERVICE**

C. Curtailment Notification.

- (1) Company shall give notification of Curtailment in the most effective manner possible and as much in advance as reasonably possible with regard to the existing circumstances and the number of Customers to be notified.
- (2) If reasonably possible, Firm Curtailment Customers shall be given seven days advance notice of any Curtailment.
- (3) In the event of Curtailment of Firm Curtailment Customers, Company shall provide notice to each Firm Curtailment Customer of its Normal Monthly Throughput and Average Daily Throughput.

D. Lifting of Curtailment. Any Curtailment shall be lifted in reverse order of the Curtailment Sequence.

E. Unauthorized Gas Usage.

- (1) Assessment of Unauthorized Gas Usage Charge. When a Curtailment is in effect pursuant to the provisions of paragraph B of this Rule, gas usage by Customer in excess of the quantity permitted for such Customer shall constitute Unauthorized Gas Usage and shall be subject to the Unauthorized Gas Usage Charge set forth in Appendix C.
- (2) During the Curtailment period, Customer shall have no entitlement to Unauthorized Gas Usage. In the event Customer continues Unauthorized Gas Usage, Company may, in its sole discretion, discontinue Gas Service to Customer. The assessment of the Unauthorized Gas Usage Charge and the exercise of the right to discontinue Gas Service by Company shall be in addition to any other rights Company may have with respect to Customer's Unauthorized Gas Usage.

25. RESTRICTIONS ON NEW AND ADDITIONAL GAS SERVICE

- A. The Company reserves the right to:
- (1) to restrict the extension of mains, the installation of service lines and/or the addition of new Customers for any class of service, and/or
 - (2) to restrict the annual, seasonal or monthly volume and/or maximum hourly take of said Customers in keeping with available gas supply and system capacity.
- B. Company may exercise such restrictions within its reasonable discretion:
- (1) To ensure the provision of safe, adequate and reliable service to existing Customers.
 - (2) On a temporary basis until Company is able to complete an engineering analysis; or
 - (3) For any other valid reason to protect system integrity.

GENERAL TERMS AND CONDITIONS **APPLICABLE TO GAS SERVICE**

26. SERVICE CONTRACTS

- A. Customer may contract with Company to provide Contract service not specifically contained within this Tariff for Gas Service. Such contract services may include, but not limited to:
 - 1. maintenance of Customer-Owned gas facilities,
 - 2. installation of gas facilities on Customer's Premises, and
 - 3. engineering/construction related services.
- B. Customer and Company shall enter into a contract specifying the terms and conditions under which such contract services shall be provided.
- C. The cost of providing such contract services shall be based on a methodology similar to that used by Company to establish costs of providing similar services under this Tariff for Gas Service, including applicable administrative and overhead charges.
- D. The terms of payment for such contract services shall be mutually agreed to by Customer and Company. The payment of such services may appear as a separate item on Customer's bill for Gas Service.
- E. Contracting for services under this Rule will in no way affect Customer's and Company's respective obligations regarding the rendering of and payment for Gas Service under this Tariff for Gas Service and the applicable Rate Schedule and Appendices.

27. FRAUDULENT USE OF GAS

When the Company detects fraudulent or unapproved use of gas, or the Company's regulation, measuring equipment or other service facilities have been tampered with, the Company may reasonably assume that the Customer or other user has benefited by such fraudulent or unapproved use of such tampering. The Customer or other user shall be responsible for payment of the reasonable cost of the Gas Service used during the periods such fraudulent or unapproved or tampering occurred or is reasonably assumed to have occurred and for the cost of field calls, investigation and the cost of effecting repairs necessitated by such use and/or tampering. The Company may assess a Fraudulent Gas Usage Charge as set forth in Appendix C per occurrence for such field calls and repairs. Under such circumstances the Company may, subject to any provision of Commission Rule 16 to the contrary, disconnect service without notice and the Company is not required to reconnect the service until a deposit and all the above enumerated charges are paid in full. All Statutory penalties shall be fixed by court of competent jurisdiction or by agreement between the Company and the Customer.

28. VIOLATION OF RULES

Company may discontinue Gas Service upon violation by any Customer of any of Company's rules or regulations of which these General Terms and Condition are a part, by giving seven days' written notice mailed to such Customer at his address shown upon the Company's records, advising the Customer in what particular such rule or regulation has been violated, but where fraudulent use of gas is detected or where the Company's regulation or measuring equipment has been tampered with or where a dangerous condition is found to exist on the Customer's Premises, Gas Service may be shut off without notice in advance. The Company shall not be liable for damage of any character caused by or resulting from a violation of these General Terms and Conditions.

AFFILIATE AND COST ALLOCATION GUIDELINES

AFFILIATE GUIDELINES

The OUCC and Indiana Gas Company, Inc. and/or Southern Indiana Gas and Electric Company ("Utility") (collectively "Parties") have negotiated in connection with Cause No. 41465 the following Affiliate Guidelines to govern the relationships between the Utility and its Affiliates. By agreement, the Guidelines have been modified in connection with Cause No. 37394GCA50S1 ("GCA50"). The Parties agree that these guidelines are intended to be enforced by the IURC, and they shall become effective upon their approval by the IURC. The OUCC and Utility may, through negotiation and agreement, jointly petition the IURC for modifications to these Affiliate Guidelines, in which case they would have the burden of proving any proposed change is in the public interest considering all relevant factors, including, but not limited to, price of service and the impact on competition. If either the OUCC or Utility desires changes to these Affiliate Guidelines and is unable to obtain agreement from the other party for such changes, then the party desiring changes may petition the IURC for the desired changes and bear the burden of proving that such changes are in the public interest. However, such petitions shall not be filed without first attempting to obtain the agreement of the other party. Subject to the following sentence, anyone else seeking a change to these Guidelines may also petition the IURC and would bear the burden of proving that the proposed changes are in the public interest. However, any such petition shall not be filed without the Utility and the OUCC first being notified and given a reasonable opportunity to consider the proposed change. The Commission may also make modifications to these Affiliate Guidelines on its own motion, after notice and hearing.

These Affiliate Guidelines should be read in conjunction with the "Cost Allocation Guidelines" developed by the OUCC and Utility and also approved by the Commission in Cause No. 41465. Subject through March 31, 2007 to the Settlement Agreement and ARP approved in GCA50 and Cause No. 42233, the Affiliate Guidelines and the Cost Allocation Guidelines govern all current and future affiliate relationships between the Utility and its Affiliates, with the limited exception that the Commission may approve an Affiliate contract that differs from these Guidelines if the Utility files a petition requesting an exception from the Guidelines and satisfies its burden to demonstrate that such contract is in the public interest considering all relevant factors, including, but not limited to, price of service and the impact on competition.

One purpose of these Affiliate Guidelines is to establish standards for procurement on competitive terms to govern the Utility's procurement of goods, services, assets, and other utility resources. Such procurement "on competitive terms" (as defined herein) shall be done with the objective of obtaining the best terms available for the Utility and its customers. The only exception to these procurement standards is the provision of "shared corporate support and administrative services" such as corporate treasury services and human resources. These services may be shared with other companies/affiliates with the Vectren organization. The pricing of those services to the Utility shall be based on cost and be in accordance with the Cost Allocation Guidelines. See the definitions section below for a complete definition of "shared corporate support and administrative services".

AFFILIATE AND COST ALLOCATION GUIDELINES

DEFINITIONS

The definitions below apply to terms used in the Affiliate Guidelines and the Cost Allocation Guidelines.

"Affiliate" "Affiliate" means a person that is an affiliated interest for purposes of I.C. 8-1-2-49 or that is otherwise found to be an "Affiliate" by the Commission or otherwise is an "Affiliate" under Indiana Law.

"Person" "Person" includes the following: (a) individual, (b) corporation, regardless of type or state or country of incorporation, (c) unincorporated association, (d) company, whether limited liability or otherwise, and (e) business trust, estate, partnership, trust, two (2) or more persons having a joint or common economic interest, and any other entity.

"Commission" "Commission" means the Indiana Utility Regulatory Commission.

"IURC" "IURC" means the Indiana Utility Regulatory Commission

"OUCC" "OUCC" means the Indiana Office of Utility Consumer Counselor.

"Holding Company" "Holding Company" means the parent company, Vectren Corporation, or its successor in interest of Indiana Gas Company and/or Southern Indiana Gas and Electric Company.

"Competitive Terms" "Competitive Terms" means the best terms reasonably available in the competitive marketplace at that time (including the terms available from the Utility itself under efficient operation) giving due consideration to both price and non-price terms such as quality and reliability. If the Utility itself can provide the services at the lowest cost with comparable quality and reliability, then that cost shall be considered the "competitive terms."

"Shared Corporate Support and Administrative Services" – Shared Corporate Support and Administrative Services" means the following types of functions/services that the Utility may share with other companies/affiliates within the Vectren organization: (1) accounting and corporate treasury services; (2) human resources; (3) information technology and communications services; (4) corporate directors and officers services; (5) legal services; (6) insurance and claims; (7) billing; (8) customer call center services; (9) facility and fleet management; and (10) environmental services. (See Specific Affiliate Guidelines Section 2, Items J, L and O related to "Shared Corporate Support and Administrative Services.")

"Capital Costs" "Capital Costs" means the costs associated with obtaining the financial capital required to provide physical assets such as office buildings, computers or office equipment.

"Non-Regulated" "Non-Regulated" means not regulated by the Indiana Utility Regulatory Commission (IURC). "Non-Regulated" also applies to products or services over which the IURC has declined its jurisdiction.

"Similarly Situated" "Similarly Situated" means having general characteristics in common such as belonging to the same rate class or operating in the same or similar industries. A utility affiliated gas or power marketer would, for example, be considered similarly situated to other non-affiliated gas or power marketers.

AFFILIATE AND COST ALLOCATION GUIDELINES

GENERAL AFFILIATE GUIDELINES

- A. No Cross-Subsidies.** The Utility shall not subsidize Affiliates or non-regulated activities.
- B. Separation of Regulated and Non-Regulated Operations.** The separation of the Utility's regulated operations from the Holding Company's non-regulated business operations and Affiliates is necessary to prevent potential cross-subsidies. To the maximum extent practicable, the Utility shall separate its regulated operations from its own, its Affiliates and its Holding Company's non-regulated operations. Instances where such separation does not exist must otherwise be in compliance with the Affiliate Guidelines and the Cost Allocation Guidelines.
- C. No Discrimination.** The Utility shall not discriminate in favor of or otherwise give preferential treatment to its Affiliates, its Affiliates' customers or the Utility's own non-regulated activities.
- D. Comparability of Service.** The Utility shall provide comparable service to all similarly situated marketers, customers or other entities, regardless of affiliation.
- E. Procurement on Competitive Terms.** With the exception of "shared corporate support and administrative services" (defined above) the procurement of goods, services, assets and other resources by the Utility shall be on competitive terms, consistent with the public interest and in compliance with these Affiliate Guidelines and the Cost Allocation Guidelines. The Utility may procure services from an Affiliate but such procurement must be done on competitive terms (defined above). The Utility's procurement process shall also comply with General Guideline C above (i.e., No Discrimination). The pricing of "shared corporate support and administrative services" to the Utility shall be based on cost and be in accordance with the Cost Allocation Guidelines.

AFFILIATE AND COST ALLOCATION GUIDELINES

SPECIFIC AFFILIATE GUIDELINES

1. Affiliates shall be charged for all costs incurred on their behalf. These costs shall be appropriately and reasonably allocated and shall include, but not be limited to, those associated with shared facilities, general and administrative support services and other corporate overheads.
2. The Utility shall process all similar requests for service in the same manner and within the same reasonable time period for all similarly situated customers, marketers and other entities, regardless of affiliation.
3. The Utility shall not give preference to or discriminate in favor of its Affiliates, its Affiliates customers or its own non-regulated activities in matters including, but not limited to, the allocation, assignment, release, or transfer of rights to intrastate or interstate capacity, use of Utility distribution facilities, storage on system, rights to storage off system or in the sale of gas.
4. The Utility shall not condition or tie any agreement to provide Utility service to any agreement relating to a service to be provided by an Affiliate.
5. To the maximum extent practicable, Utility employees shall function separately and independently from employees of Affiliates and those engaged in non-regulated activities including, but not limited to, gas marketers, power marketers and other service providers.
6. The Utility may not, through tariff or otherwise, give any Affiliate or an Affiliate's customer or any non-regulated activity a preference or an advantage with respect to the transportation of gas including, but not limited to, the movement or delivery of gas on its distribution system, the administration of customer contracts, scheduling, nomination, balancing, metering, storage, standby service, curtailment policy, or billing/invoice disputes.
7. The Utility shall apply tariffs and their provisions and all other aspects of Utility service on a consistent and non-discriminatory basis to all similarly situated marketers, customers, and other entities regardless of affiliation.
8. Any discount or rebate for Utility service offered by the Utility to an Affiliate or an Affiliate's customer shall be offered on a non-discriminatory basis to all similarly situated marketers, customers, or other entities, regardless of affiliations. If the Utility waives a penalty or fee related to Utility service for an Affiliate or an Affiliates customer, it shall waive such penalty or fee for similarly others on a non-discriminatory basis.

AFFILIATE AND COST ALLOCATION GUIDELINES

9. The Utility shall not give preference to or discriminate in favor of its Affiliate or its Affiliate's customers in its provision of information. This includes, without limitation, information related to the sale or marketing of energy or energy services to existing or potential new customers and information related to the availability of transmission, distribution or storage capacity. Specific customer information shall be made available to affiliated or unaffiliated entities only upon consent of the customer or as otherwise provided by law or commission rules or orders, except that customer name and address information may be provided to energy marketers or energy service providers.
10. The Utility may share information technology and communications services with other companies/affiliates within the Vectren organization. However, such sharing of information technology and communications services shall not be done in a manner that violates Specific Guideline 9 above regarding the non-discriminatory provision of information. The Utility shall take whatever steps are necessary to fulfill this requirement such as, for example, the implementation of electronic "firewalls" or other measures to control access to Utility information.
11. The Utility shall not speak on behalf of its Affiliates or give the appearance that it speaks on behalf of its Affiliates. The Utility Affiliates shall not speak on behalf of the Utility or give the appearance that they speak on behalf of the Utility.
12. Customer call handling shall be performed on a non-discriminatory basis without respect to affiliations of the customer or affiliations of the customer's marketer or energy service provider. If a customer requests information about alternative sources of supply, the customer service representatives shall offer to provide a list of all alternative suppliers known to be serving customers in the same rate class as the customer making the inquiry, except those suppliers excluded by mutual agreement of the Utility and the OUCC. Such a list may include Utility Affiliates, but the Utility customer service representatives shall not promote or endorse services offered by an affiliate. To ensure compliance with Specific Guidelines 9, 10, 11 and 12, the guidelines for handling of customer calls and information have been set out in writing and attached as Appendix A-1.
13. The Utility's Affiliates shall not trade upon, promote, or suggest that they receive preferential treatment as a result of affiliation with the Utility.
14. The Utility and its Affiliates shall not participate in joint advertising. An Affiliate may, however, reference the fact of its affiliation with the holding company. Such public references shall not: (a) make the Affiliate appear to be part of the Utility, or (b) suggest that the Affiliate or the Affiliate's customers will have any advantage as a result of the affiliation.
15. If the charges for Utility services are combined with charges for non-regulated energy services into a single bill, such a combined bill format will be made available on a non-discriminatory basis to non-affiliated entities that provide energy services in the Utility's service territory.
16. The Utility and its Affiliates shall maintain separate books and records, which shall be available for Commission inspection consistent with Indiana law.

AFFILIATE AND COST ALLOCATION GUIDELINES

17. The OUCC and its agents shall have access to officers and employees and access to the books and records of the Utility and its Affiliates as reasonably necessary to ensure compliance with these Affiliate Guidelines, the Cost Allocation Guidelines and Title 8 of the Indiana Code. If disputes arise between the OUCC and Utility regarding the reasonableness of the timing or scope of requested access to Affiliate and Utility books and records, if not resolved by the parties, then such disputes may be presented to the Commission through use of an alternative dispute resolution process as agreed upon by the OUCC and Utility. During this process, Utility shall bear the burden of demonstrating the unreasonableness of the OUCC's request. In seeking a resolution of access disputes, the parties agree that time is of the essence, and the intent of the parties is that the Commission's review of such disputes will be facilitated by the parties so that the review can be as expeditious as possible.
18. All complaints relating to these Affiliate Guidelines and the Cost Allocation Guidelines, whether written or verbal, shall be submitted to the general counsel of the Utility or the Utility's highest-ranking legal employee ("general counsel"). The general counsel shall acknowledge to complainant such complaint within five (5) working days of receipt. The general counsel shall conduct a preliminary investigation and prepare a written statement of the complaint which shall contain the name of the complainant and a detailed factual report of the incident or incidents, underlying the complaint, including all relevant dates, companies involved, employees involved and the specific claim. The general counsel shall communicate the results of the preliminary investigation to the complainant in writing within twenty (20) days after the complaint was received including a description of any course of action to be taken. In the event the Utility and the complainant are unable to resolve the complaint, the complainant may file a complaint with the Commission. Any complaint filed with the Commission before it was filed with the Utility under this section shall be held in abeyance while the procedures outlined here are followed. The general counsel shall keep a log of all complaints for a period of not less than three (3) years and shall keep such a log available for inspection by the IURC, OUCC and complainant.
19. All transactions between the Utility and its Affiliates shall be in accordance with a written contract filed with the IURC pursuant to I.C. 8-1-2-49. The Utility shall maintain sufficient records of all such transactions for at least three (3) years so as to allow for a complete and thorough audit.
20. The Utility shall meet with the OUCC to review all proposed Affiliate contracts. Upon filing of Affiliate contracts with the IURC, copies of such contracts will be delivered to the OUCC. Affiliate contracts shall be governed by Indiana law and these Affiliate Guidelines and the Cost Allocation Guidelines. To the extent the Guidelines contain provisions or commitments that go beyond what would otherwise be required under Indiana law, the Guidelines shall control. The OUCC reserves its rights to challenge such contracts at any time.

AFFILIATE AND COST ALLOCATION GUIDELINES

PROCEDURES FOR FILING AFFILIATE CONTRACTS

All Affiliate contracts shall be filed with the IURC and be in conformance with these Guidelines, the Cost Allocation Guidelines and Indiana Law. Such contracts shall be available for public inspection, except to the extent that information is protected from public disclosure under Indiana law. These Affiliate Guidelines in no way affect the IURC's duties and/or authority under Indiana law to inter alia investigate such contracts, hold public hearings related to such contracts and/or disapprove such contracts. These Affiliate Guidelines also in no way affect the OUCC's right to inter alia initiate investigations of such contracts.

ANNUAL INFORMATIONAL FILING

The Utility shall file annually with the Commission and provide copies to the OUCC the following information concerning the Utility's Affiliates and its non-regulated activities.

1. The names and business addresses of the officers and directors of each Affiliate that has transacted any business with the Utility during the previous twelve (12) months. For each such Affiliate, the Utility shall also provide the following in its annual informational filing:
 - a. The Affiliate's name and a description of the Affiliate's primary line(s) of business and a description of the nature of the Affiliate's business with other non-affiliated entities.
 - b. A schedule detailing and summarizing the nature and the dollar amounts of the transfers of assets, goods and services between the Utility and the Affiliate that took place during the applicable twelve-month period.
2. A listing of all contracts currently in effect between the Utility and the Affiliate indicating the nature of the transactions, the date the contract became effective and the contract's expiration date.
3. A corporate organization chart, which shows the parent holding company, the Utility, its Affiliates, and their relationships to one another.
4. A description of the methods used to identify, value, and record transfers of assets, goods and services between the Utility and its Affiliates.
5. A description of the methods used to allocate federal and state income tax expense, payments and refunds to the Utility and its Affiliates.
6. A description of sharing of personnel between the Utility and its Affiliates during the twelve-month period.
7. A log of complaints maintained by the Utility under section 18 of Specific Affiliate Guidelines.
8. A listing and descriptions of all non-regulated activities engaged in by the Utility, including the amount of revenues and expenses generated by each such non-regulated activity.

These annual informational filings shall commence on the date thirty (30) days after the effective date of the Commission's approval of these Affiliate Guidelines, and shall repeat thereafter at the end of the Utility's fiscal year. These annual informational filings shall not serve or be interpreted as a pre-approval process.

AFFILIATE AND COST ALLOCATION GUIDELINES

COST ALLOCATION GUIDELINES

The OUCC and Indiana Gas Company, Inc. ("Utility") (collectively "Parties") have negotiated in connection with Cause No. 41465 the following Cost Allocation Guidelines to govern the allocation of costs between the Utility and its Affiliates. The OUCC retains all of its rights and authority to dispute the reasonableness of and/or recovery of all Utility costs, including those to which these Cost Allocation Guidelines may be applicable. Mere allocation of costs under these guidelines does not predetermine the reasonableness of rate recovery of such costs. The Parties agree that these guidelines are intended to be enforced by the IURC, and they shall become effective upon their approval by the IURC. The OUCC and Utility may through negotiation and agreement, jointly petition the IURC for modifications to these Cost Allocation Guidelines, in which case they would have the burden of proving any proposed change is in the public interest considering all relevant factors, including, but not limited to, price of service and the impact on competition. If either the OUCC or Utility desires changes to these Cost Allocation Guidelines and is unable to obtain agreement from other party for such changes, then the party desiring changes may petition the IURC for the desired changes and bear the burden of proving that such changes are in the public interest. However, such petitions shall not be filed without first attempting to obtain the agreement of the other party. Subject to the following sentence, anyone else seeking a change to these Cost Allocation Guidelines may also petition the IURC and would bear the burden of proving that the proposed changes are in the public interest. However, any such petition shall not be filed without the Utility and the OUCC first being notified and given a reasonable opportunity to consider the proposed change. The Commission may also make modifications to these Cost Allocation Guidelines on its own motion, after notice and hearing.

These Cost Allocation Guidelines should be read in conjunction with the "Affiliate Guidelines" developed by the OUCC and Utility and also approved by the Commission in Cause No. 41465. Subject to Section H of the Settlement Agreement in Cause No. 41465, the Affiliate Guidelines and the Cost Allocation Guidelines govern all current and future affiliate relationships between the Utility and its Affiliates with the limited exception that the Commission may approve an Affiliate contract that differs from these Guidelines if the Utility files a petition requesting an exception from the Guidelines and satisfies its burden to demonstrate that such contract is in the public interest considering all relevant factors, including, but not limited to, price of service and the impact on competition.

The following Cost Allocation Guidelines govern the allocation of costs associated with "shared corporate support and administrative services" which have been defined in the Definition section of the Affiliate Guidelines and which may be shared with other companies/affiliates within the Vectren organization. By their nature, these costs are associated with functions and operations that are shared and not separate. The allocation methods should apply to those Utility Affiliates who share corporate support and administrative functions in order to prevent subsidization from the regulated Utility and ensure equitable cost sharing among the regulated Utility and its Affiliates. The pricing of "shared corporate support and administrative services" to the Utility shall be based on cost and be in accordance with these Cost Allocation Guidelines.

AFFILIATE AND COST ALLOCATION GUIDELINES

DEFINITIONS

See the definitions section of the Affiliate Guidelines for the definitions of terms used in the Affiliate Guidelines.

GUIDELINES

1. No Cross-Subsidies. The Utility shall not subsidize Affiliates or non-regulated activities.
2. The Utility shall maintain and utilize an accounting system and records that identify and appropriately allocate costs between the Utility and its Affiliates.
3. The Utility's costs for jurisdictional rate purposes shall reflect only those costs attributable to its jurisdictional customers.
4. The Utility and all Affiliates that share corporate support and administrative services shall maintain documentation including organizational charts, accounting bulletins, procedure and work order manuals or other related documents, which describe how costs are allocated between regulated and non-regulated services or products.
5. Affiliates shall be charged an appropriate and reasonable allocation of all shared corporate support and administrative costs incurred on their behalf. These costs include, but are not limited to, those associated with shared facilities and other corporate overheads.
6. To the maximum extent practicable, shared corporate support and administrative costs should be accumulated and classified on a direct cost basis for each asset, service or product provided.
7. The shared corporate support and administrative costs that cannot be directly assigned per item (6) above, should to the maximum extent possible be allocated to the Utility and its Affiliates and to the service or products to which they relate using relevant allocators which best reflect or consider the cost causative characteristics of the product/service being provided.
8. Where allocation/assignment pursuant to (6) and (7) is not practical, general allocation factors shall be utilized to allocate all remaining costs between the Utility and its Affiliates and between service and product lines ultimately provided by the Utility and its Affiliates.
9. The allocation of capital costs between the Utility and its Affiliates (incurred in the provision of "shared corporate support administrative" services) shall be based on the following:
 - a. The cost of capital used for such allocations shall equal the Utility's weighted average cost of capital as last found by the Commission.
 - b. Depreciation shall be charged on a straight-line basis. Depreciation rates used for

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AFFILIATE AND COST ALLOCATION GUIDELINES

such allocations shall be consistent with the accepted useful life of the asset(s) and in accordance with generally accepted accounting principles and regulatory accounting requirements, as applicable.

10. The Utility and its Affiliates shall maintain separate books and records, which shall be available for Commission inspection consistent with Indiana law.
11. The OUCC and its agents shall have access to officers and employees and access to the books and records of the Utility and its Affiliates as is reasonably necessary to ensure compliance with the Affiliate Guidelines, the Cost Allocation Guidelines and Title 8 of the Indiana Code. If disputes arise regarding the reasonableness of the timing or scope of requested access to Affiliate and Utility books and records, if not resolved by the parties, then such disputes may be presented to the Commission through use of an alternative dispute resolution process as agreed upon by the OUCC and Utility. During this process, Utility shall bear the burden of demonstrating the unreasonableness of the OUCC's request. In seeking a resolution of access disputes, the parties agree that time is of the essence, and the intent of the parties is that the Commission's review of such disputes will be facilitated by the parties so that the review can be as expeditious as possible.
12. The cost assignment/allocation methodologies discussed herein are applicable to shared corporate support and administrative services. The Utility's procurement of all other goods, services, assets, and other resources shall be on competitive terms, consistent with the public interest and in compliance with the Affiliate Guidelines and the Cost Allocation Guidelines.

AUDIT REQUIREMENTS

Each year an independent auditor appointed by the OUCC shall do an audit. OUCC staff members may assist the auditor. The purpose of the audit shall be to ensure that the Utility complies with these Cost Allocation Guidelines. Any violations of the Cost Allocation Guidelines shall be noted and explained in the auditor's report, a copy of which shall be provided to the Utility, the Commission and the OUCC. Vectren shall annually contribute up to \$50,000 toward the auditor's costs/fees.

AFFILIATE AND COST ALLOCATION GUIDELINES

Customer Call Handling Process

Outline of Customer Call Handling Guidelines and infrastructure

In order to provide for the operation of an efficient, high quality call center operation that handles customer calls and information in a manner consistent with the terms of the Affiliate and Cost Allocation Guidelines, this outline has been developed. The intent is to describe the guidelines for customer call handling and the requirements for separation between the staff handling calls about regulated services and staff handling calls about non-regulated services. The key components include:

- **Staffing** A separate non-regulated service call handling staff including a separate exempt supervisory leader is required.
- **Separation** Personnel devoted to handling calls related to regulated utility service will be physically separated from personnel handling non-regulated service calls through, at a minimum, the use of high height partitions and panels.
- **Data** A data firewall will be created to require customer permission before non-utility related staff can access utility customer records. Acquisition of utility customer usage and billing history data will be with customer permission and consistent with Specific Affiliate Guidelines 9 and 10.
- **Costs** Call center costs will be allocated per the Cost Allocation Guidelines. Any charges made to providers of non-regulated services will be reasonable and non-discriminatory.
- **Process** Attached are summary call handling flowcharts and a script which have been developed to more specifically describe the process to be used in the event that the utility offers an energy choice program to its residential and small commercial customers in the future.
- **Monitoring** The IURC and OUCC will be able to monitor compliance with the Guidelines through the provisions of access to customer calls. The IURC and OUCC (or their agents) will also be able to make on site visits and inspections of call center facilities.

Effective:

AFFILIATE AND COST ALLOCATION GUIDELINES

Call Handling Script -- For Inquiries Regarding Non-Regulated Energy Services

Mr./Ms. Customer,

I am very sorry, but I can't directly handle this for you, but I can get you in touch with somebody who can.

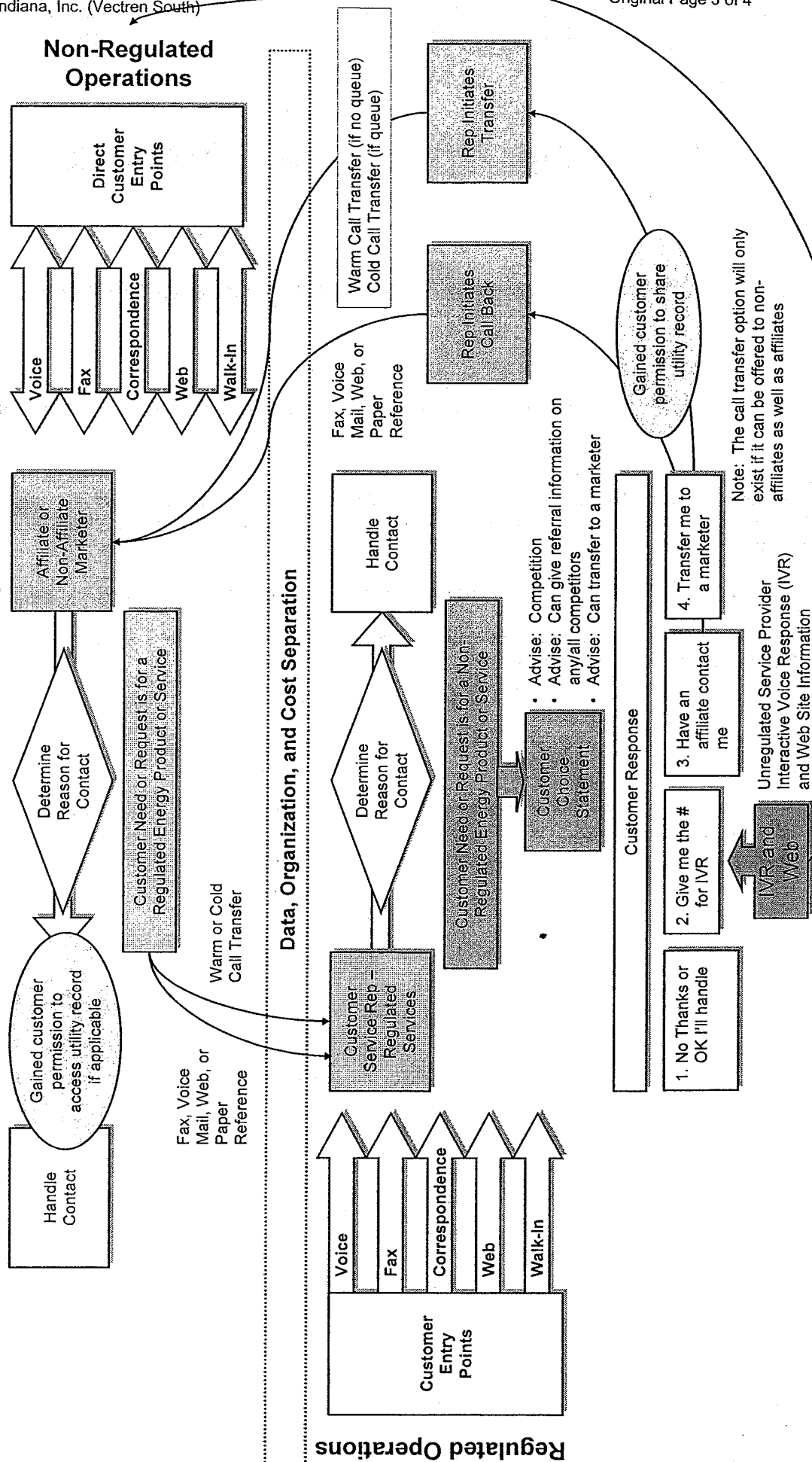
I can give you a telephone number from which you can get more information about the providers of these services, including our affiliate _____. This telephone number is: *(give telephone number)*. If you have access to the web you can get this information on the web site. The web site address is: *(give web address)*.

[If you prefer, I can transfer your call now to one of these service providers. *(see note)*

By the way, the providers may want to review your customer records. Do we have your consent to release this information at their request?

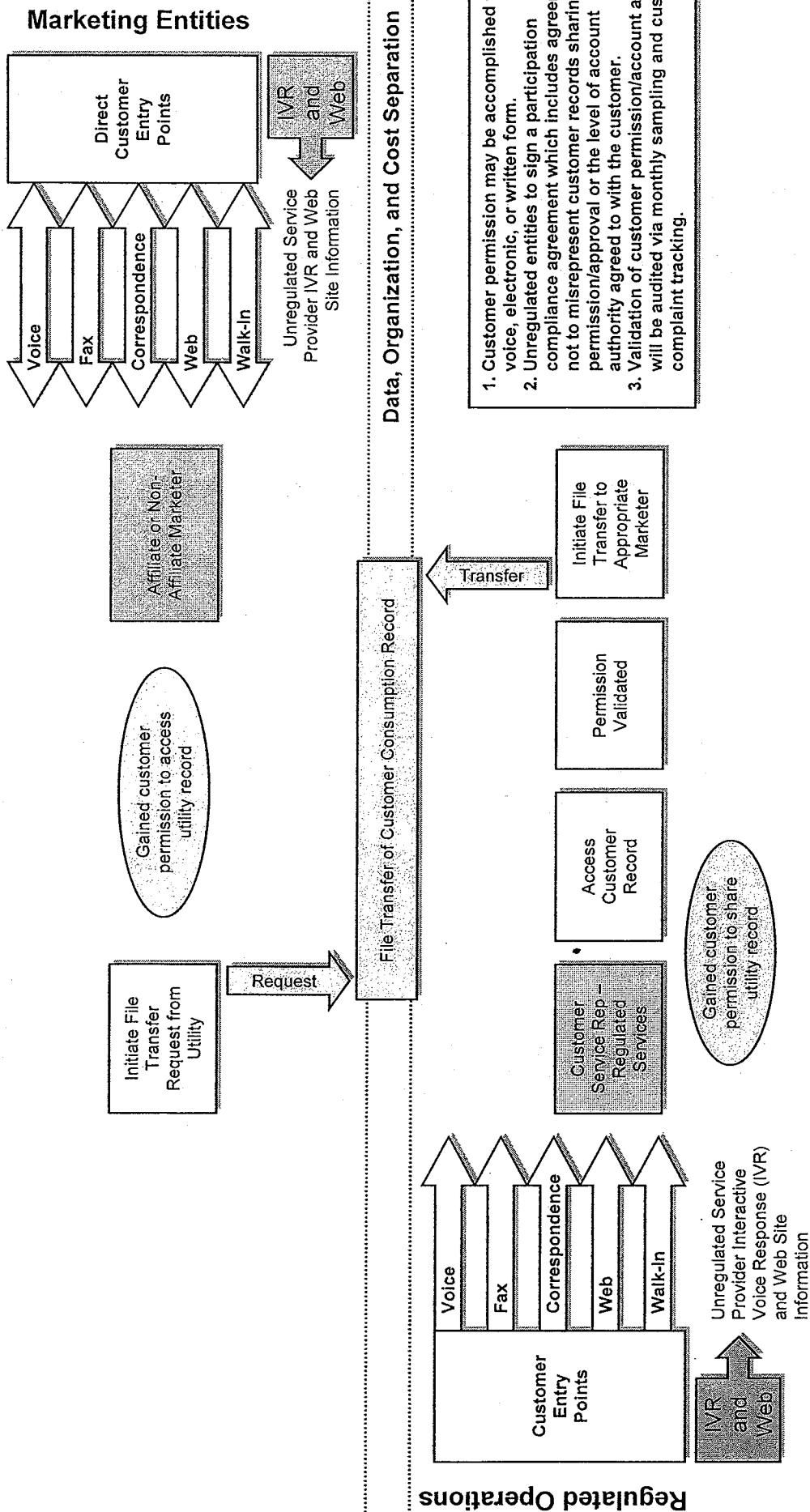
Note: The paragraph references call transfers and will only be part of the script if Vectren can offer the call transferring.

Call Handling Process Summary



Effective:

Customer Permission and Information Transfer Summary



Effective:

Petitioner's Exhibit No. SEA-4S
IURC Cause No. 43112

SOUTHERN INDIANA GAS AND ELECTRIC COMPANY
D/B/A
VECTREN ENERGY DELIVERY OF INDIANA, INC.
(VECTREN SOUTH)

TARIFF FOR GAS SERVICE

I.U.R.C. No. G-11

Deleted: 0

ISSUED PURSUANT TO ORDER OF THE
INDIANA UTILITY REGULATORY COMMISSION
IN CAUSE NO. 43112,
EFFECTIVE _____

Deleted: 42596

Deleted: JULY 1, 2004

Communications concerning this tariff may be addressed to:

Mail: Regulatory Affairs Department
Vectren Corporation
One Vectren Square
Evansville, IN 47708

Telephone: 800-227-1376

Email: VectrenCustomerCare@Vectren.com

Deleted: Rate

Deleted: 20 NW Fourth Street

Deleted: P.O. Box 2091

Deleted: 2-0209

Deleted: Original

Deleted: 0

RATE 170

CONTRACT TRANSPORTATION SERVICE

AVAILABILITY

This Rate Schedule shall be available throughout Company's Service Area, subject to the availability of adequate facilities and gas supplies, which determinations shall be in the Company's reasonable discretion.

APPLICABILITY

This Rate Schedule shall be applicable to any Non-Residential Customer whose Annual Usage equals or exceeds 10,000,000 therms.

CHARACTER OF SERVICE

This Rate Schedule applies to the provision of Transportation Service. Gas Service provided hereunder shall be metered and billed separately from Gas Service provided under any other Rate Schedule.

RATES AND CHARGES

The monthly Rates and Charges for Gas Service under this Rate Schedule shall be:

Customer Facilities Charge:

\$700.00

Deleted: 350.00 per meter

Distribution Charge:

First 1,750,000 therms @ \$0.0163 per therm

Next 1,750,000 therms @ \$0.0087 per therm

Over 3,500,000 therms @ \$0.0036 per therm

Deleted: 0.0134

Deleted: 0.0073

Deleted: 0.0043

Appendices:

The following Appendices shall be applied monthly:

- Appendix A – Gas Cost Adjustment
- Appendix G – Universal Service Fund Adjustment
- Appendix H – Pipeline Safety Adjustment

Minimum Monthly Charge:

The Minimum Monthly Charge shall be the Customer Facilities Charge.

Deleted: <#>Gas Cost Charge:¶
The Gas Cost Charge shall be as set forth in Appendix A, Gas Cost Adjustment, for each therm of metered usage.¶

¶
Pipeline Safety Adjustment:¶
The Distribution Charge shall be adjusted as set forth on Appendix H, Pipeline Safety Adjustment.¶

Related Charges:

Customer shall reimburse Company for all charges incurred in connection with interstate pipeline transportation of Customer-Delivered Gas including any gas costs, penalty charges, or Cashouts.

Other Charges:

The Other Charges set forth in Appendix C shall be charged to Customer, if applicable.

CONTRACT

Customer shall enter into a written contract, which specifies the hourly and daily maximum gas requirements of Customer, and any other terms reasonably required by Company. The contract shall have an initial term of not less than one year and shall automatically extend for succeeding annual terms thereafter, subject to cancellation by either party after written notice submitted not less than ninety days prior to the end of the initial term or any succeeding annual term. However, in no event shall the contract expire during the Winter Season, unless such mid-winter termination date is mutually agreed upon.

Deleted: for informational purposes only

Effective:

RATE 170

CONTRACT TRANSPORTATION SERVICE

GAS TRANSPORTATION PROVISIONS

The following Gas Transportation Provisions are applicable to Customers entering into Transportation Service Contracts:

- (1) Transportation Customers shall be subject to the Nomination and Balancing Provisions in Appendix E, except as provided in paragraph (2) of this section.
- (2) Transportation Customers may become members of a Pool pursuant to the provisions of Rate 180, Pooling Service. If Customer designates a Pool Operator to be responsible for managing its gas supply, the nomination and balancing provisions pursuant to Appendix E shall not apply to Customer; rather, they shall apply to the Pool Operator. For purposes of calculating daily and monthly imbalances, the daily and monthly usages of all Customers within the Operator's Pool will be combined into a single Pool usage total, which will be matched against the Pool Operator's daily or monthly deliveries to its Pool. All nomination and balancing charges, including Cashout charges, penalties and like charges shall be billed to the Pool Operator. Customers shall remain individually responsible for interrupting or curtailing deliveries or usage or matching deliveries with usage when ordered to do so by the Company pursuant to this tariff for Gas Service. In the event of default of the Pool Operator, Customer shall remain liable for its portion of applicable charges, as determined by the Company after review of all available facts including documented deliveries and consumption. A Transportation Customer that has returned to individual Transportation Service from Pooling Service may not return to Pooling Service for a period of two months unless expressly authorized by Company.
- (3) Transportation Customer, at its expense, shall provide and maintain on the Premises at the meter location electric and telephone service as required by Company for the operation of Company-Owned electronic gas measurement devices and related communications equipment. If Customer's telephone line is frequently not available when Company seeks to obtain measurement data, Company may require Customer to provide a dedicated telephone line in order to continue Transportation Service under this Rate Schedule.
- (4) To compensate for unaccounted for gas, the quantity of gas available to Transportation Customer on a daily basis shall be equal to the quantity of gas delivered into the Company's distribution system at the point of receipt for the account of the Customer, reduced by a Unaccounted For Gas Percentage as set forth in Appendix F.
- (5) Transportation Customers must have all required regulatory approvals related to transportation of Customer-Delivered Gas.

TERMS AND RENDERED CONDITIONS

Gas Service rendered under this Rate Schedule shall be subject to Company's General Terms and Conditions and the Commission's Regulations.

Effective:

RATE 180 **POOLING SERVICE**

APPLICABILITY

Pooling Service is an optional service applicable to any Pool Operator and any Transportation Customer under Rates 145, 160, or 170 that designates a Pool Operator to manage its gas supplies as part of an aggregated Customer Pool.

Deleted: 20

CHARACTER OF SERVICE

This Rate Schedule applies to the provision of Pooling Service for Transportation Customers. Pool Operator and electing Transportation Customer are subject to provisions of this Rate Schedule.

Pool Operator shall deliver to the Company gas supplies needed to satisfy the daily and monthly usage requirement of Pool Operator's Pool Customers in accordance with the requirements set forth in this Rate Schedule, Appendix E, and in the Pooling Agreement. Pooling will not be permitted across multiple operational systems unless approved in advance by the Company.

Pool Operator shall provide nominations for its aggregated Pool Customers' deliveries. For purposes of calculating daily and monthly imbalances, the usages of all Customers within a Pool will be combined into a single Pool usage total, which will be matched against the Pool Operator's total pipeline deliveries for such Pool.

Pool Operator shall be responsible for complying with Operational Flow Orders, daily and monthly balancing, and the payment of any daily and monthly imbalance Cashouts, and applicable charges. Transportation Customer shall remain responsible for all charges under its applicable Rate Schedule 145, 160, or 170.

Deleted: 20

Imbalance trading provided for in Appendix E allows Pool Operator to trade imbalances to minimize otherwise applicable imbalance charges.

SUMMARY OF CHARGES

Pool Operator's Bill shall be rendered monthly, and shall consist of the following charges, as applicable:

Financial Evaluation Fee:

\$50 for the initial and each subsequent Pool Operator financial evaluation performed by Company.

Administrative Fee: Pool Operator shall be assessed a monthly Administrative Fee of \$100 for each Pool.

Nomination and Balancing Charges: All nomination and balancing charges and imbalance trading charges associated with Pool Operator's Pool, including those listed in Appendix E, Nomination and Balancing Provisions, shall be billed to Pool Operator each month.

Effective:

RATE 180 **POOLING SERVICE**

Related Charges: Pool Operator shall reimburse Company for all charges incurred in connection with interstate pipeline transportation of Pool Operator-Delivered Gas including any gas costs, penalty charges, or Cashouts.

Late Payment Charge: Payment by Pool Operator shall be due seventeen (17) days from the date of issuance of the Bill. Company or an authorized agent must receive payment of the total amount due by the due date shown on the Pool Operator's Bill. If Pool Operator does not pay the total amount due by the date shown, an additional amount equal to one percent (1%) of the total unpaid balance shall also become due and payable. For each subsequent month, or portion thereof, of non-payment, an additional charge of one percent of the total unpaid balance shall be assessed.

Insufficient Funds Check Charge: For each check of Pool Operator returned by any bank due to insufficient funds, Pool Operator shall be charged \$25.00 to cover a part of the cost of processing such check.

PROVISIONS AND REQUIREMENTS FOR TRANSPORTATION CUSTOMER PARTICIPATION

Transportation Customer shall comply with the following provisions and requirements:

Contract: Customer shall enter into a contract with Company that designates its selected Pool Operator from a list of approved Pool Operators that have signed Pooling Agreements with the Company and who comply with the provisions of this Rate Schedule. Such elections will carry over from month to month unless Customer and Pool Operator notify the Company of any change at least ten (10) business days prior to the start of a new month.

Initiation of Pooling Service: An existing Rate 145, 160, or 170 Transportation Customer that desires to begin utilizing Pooling Service under this Rate Schedule shall do so effective with the Customer's next meter reading date.

Customer's prior delinquencies must be cured prior to commencing participation in Pooling Service, unless otherwise agreed to in advance by Company.

Customer shall eliminate any existing over-delivery or under-delivery quantities via a Cashout with the Company prior to commencing participation in Pooling Service, as follows:

- (1) If Customer has an ending under-delivery quantity, Customer shall pay Company for each Dekatherm of under-delivery quantity at a price equal to the average of the previous six-months' Monthly Average Index Charges (as defined in Appendix E) plus applicable taxes.
- (2) If Customer has an ending over-delivery quantity, Company shall pay Customer for each Dekatherm of Over-delivery quantity at a price equal to the average of the previous six-months' Monthly Average Index Charges (as defined in Appendix E).

Deleted: Unauthorized Gas Usage Charge: The Unauthorized Gas Usage Charge set forth in Appendix C shall be charged to Pool Operator, if applicable.¶

Deleted: 20

Effective:

RATE 180 **POOLING SERVICE**

PROVISIONS AND REQUIREMENTS FOR POOL OPERATOR PARTICIPATION

Pool Operator shall comply with the following provisions:

Contract:

Pool Operator must enter into a written Pooling Agreement with Company. Such Pooling Agreement shall set forth specific covenants and obligations undertaken by the Company and Pool Operator under this Rate Schedule on behalf of the Pool's Customers. The Pooling Agreement shall have an initial term of not less than one year and shall automatically extend for succeeding annual terms thereafter subject to cancellation by either party after written notice submitted not less than ninety days prior to the end of the initial term or any succeeding annual term. However, in no event shall the Contract expire during the Winter Season, unless such mid-winter termination date is mutually agreed upon, or Pool Operator fails to perform its responsibilities hereunder and Company elects to terminate Pool Operator's Participation hereunder.

Creditworthiness Standards and Requirements:

In order to qualify for participation under the Pooling Service, Pool Operator must pass an initial Financial evaluation performed by Company, and any such subsequent evaluation(s) deemed appropriate by the Company, to ensure that Pool Operator possesses sufficient resources to perform its responsibilities and to ensure financial performance under this Rate Schedule. In addition, if the Pool Operator's participation in the Pooling Service was previously terminated due to Pool Operator's non-compliance, Pool Operator shall provide information acceptable to the Company that such cause for non-compliance has been corrected and will be avoided in the future. All prior delinquencies must be cured prior to commencing participation in the Pooling Service. Moreover, any and all charges from previous non-compliance shall be corrected prior to participation in the Pooling Service.

Pool Operator must complete and sign the Company's Pool Operator Registration Form and Credit Application to be considered for participation in the Pooling Service. A Pool Operator desiring to participate in the Pooling Service will be evaluated by the Company to establish credit levels acceptable to the Company. The Company will apply, on a non-discriminatory basis, reasonable financial standards to assess and examine a Pool Operator's creditworthiness. These standards will take into consideration the scope of the operations of each Pool Operator and the level of risk to the Company. In order to pass the Company's financial evaluation, a Pool Operator may be required to provide security, the form and amount of which shall be specified by the Company.

Financial evaluations will be based on standard credit factors such as financial and credit ratings, trade references, bank information, unused line of credit, Pool Customers' payment histories, and related financial information that has been independently audited, if available. The Company shall determine creditworthiness based on the above criteria, and will not deny a Pool Operator's participation in the Pooling Service without reasonable cause.

Effective:

RATE 180 **POOLING SERVICE**

The Company reserves the right to conduct a financial re-evaluation of Pool Operator from time to time. Such re-evaluation may be initiated either by a request from the Pool Operator, or by the Company if the Company reasonably believes that the creditworthiness of a Pool Operator may have changed or that the operating environment or other conditions may have changed that may have increased the risks posed by operations of the Pool. Based on such re-evaluation, a Pool Operator's level of participation may be increased or decreased, additional security may be required, or the Pool Operator may be removed from further participation in the Pooling Service.

Unaccounted For Gas Percentage:

To compensate for unaccounted for gas, the quantity of gas available to the Pool Customers on a daily basis shall be equal to the quantity of gas delivered into the Company's distribution system at the point of receipt by the Pool Operator for the Pool Customers, reduced by a Unaccounted For Gas Percentage as set forth in Appendix F.

Nomination and Balancing Procedures:

Pool Operator shall be subject to the Nomination and Balancing Provisions in Appendix E.

Curtailment Provisions:

Pool Operator shall be subject to the Curtailment Procedures in Company's Terms and Conditions.

Required Regulatory Approvals:

Pool Operator must comply with all state and federal regulations related to its transportation of Pool Operator-Delivered Gas.

Termination of Pooling Service Participation:

A Pool Operator that ceases participation in Pooling Service shall eliminate any existing over-delivery or under-delivery quantities via a Cashout with the Company, as follows:

- (1) If Pool Operator has an ending net under-delivery quantity, Pool Operator shall pay Company for each Dekatherm of under-delivery quantity at a price equal to the average of the previous six months' Monthly Average Index Charges (as defined in Appendix E) plus applicable taxes.
- (2) If Pool Operator has an ending over-delivery quantity, Company shall pay Pool Operator for each Dekatherm of over-delivery quantity at a price equal to the average of the previous six months' Monthly Average Index Charges (as defined in Appendix E).

WAIVER OF CHARGES

In its reasonable discretion, on a case-by-case basis, Company may waive all or part of any Charge assessable to Pool Operator or Transportation Customer pursuant to this Rate Schedule, provided, however, that the waiver of such charge shall be exercised on a non-discriminatory basis.

TERMS AND CONDITIONS

Gas Service rendered under this Rate Schedule shall be subject to Company's General Terms and Conditions and the Commission's Regulations.

Effective:

RATE 185 **SCHOOL POOLING SERVICE**

APPLICABILITY

School Pooling Service is an optional service applicable to any School Supplier that has applied for and been approved under the Creditworthiness Standards and Requirements herein.

CHARACTER OF SERVICE

This Rate Schedule applies to the provision of School Pooling Service for Rate 125, School Transportation Service Customers.

School Supplier shall deliver to the Company gas supplies needed to satisfy the daily and monthly usage requirement of School Supplier's Pool Customers in accordance with the requirements set forth in this Rate Schedule, Appendix J, and the School Pooling Agreement. Pooling will not be permitted across multiple operational systems or transportation programs unless approved in advance by Company.

School Supplier shall provide nominations for its aggregated School Pool Customers' deliveries. For purposes of calculating daily imbalances, the School Pool's DDQ will be matched against the School Supplier's total pipeline deliveries for such Pool.

School Supplier shall be responsible for complying with Operational Flow Orders, daily balancing, and the payment of any daily imbalance Cashouts, and applicable charges.

Imbalance trading provided for in Appendix J allows School Supplier to trade imbalances to minimize otherwise applicable imbalance charges.

SUMMARY OF CHARGES

School Supplier's Bill shall be rendered monthly, and shall consist of the following charges, as applicable:

Financial Evaluation Fee:

\$50 for the initial and each subsequent School Supplier financial evaluation performed by Company.

Administrative Fee: School Supplier shall be assessed a monthly Administrative Fee of \$100 for each Pool.

Nomination and Balancing Charges: All nomination and balancing charges and imbalance trading charges associated with School Supplier's School Pool, including those listed in Appendix J, School Nomination and Balancing Provisions, shall be billed to School Supplier each month.

Nomination Error Charge:

School Supplier shall pay a Nomination Error Charge of \$0.50 per Dekatherm on the quantity difference between School Supplier's Daily Transportation Nomination and the confirmed deliveries under School Supplier's Daily Pipeline Nomination for each day such difference occurs.

DDQ Non-Compliance Charge:

\$1 per Dth on days in which no Operational Flow Order (OFO) is in effect (provided no alternate arrangements are made with Company) against the daily difference between the Pool's DDQ and aggregate deliveries.

Effective:

RATE 185

SCHOOL POOLING SERVICE

City Gate Allocation Non-Compliance Charge:

\$1 per Dth on the quantity difference if School Supplier's Daily Pipeline Nomination is less than the minimum or greater than the maximum city gate allocation requirements.

OFO Non-Compliance Charge:

\$10 per Dth applied to the difference between School Supplier's DDQ and actual deliveries if School Supplier over-delivers on days in which a Warm Weather OFO is in effect or under-delivers on days in which a Cold Weather OFO is in effect.

Related Charges: School Supplier shall reimburse Company for all charges incurred by Company in connection with interstate pipeline transportation of School Supplier-Delivered Gas including any gas costs, penalty charges, or Cashouts.

Late Payment Charge: Payment by School Supplier shall be due seventeen (17) days from the date of issuance of the Bill. Company or an authorized agent must receive payment of the total amount due by the due date shown on the School Supplier's Bill. If School Supplier does not pay the total amount due by the date shown, an additional amount equal to one percent (1%) of the total unpaid balance shall also become due and payable. For each subsequent month, or portion thereof, of non-payment, an additional charge of one percent of the total unpaid balance shall be assessed.

Insufficient Funds Check Charge: For each check of School Supplier returned by any bank due to insufficient funds, School Supplier shall be charged as set forth in Appendix C, Other Charges to cover a portion of the cost of processing such check.

PROVISIONS AND REQUIREMENTS FOR SCHOOL SUPPLIER PARTICIPATION

School Supplier shall comply with the following provisions:

Contract:

School Supplier must enter into a written School Pooling Agreement with Company. Such School Pooling Agreement shall set forth specific covenants and obligations undertaken by Company and School Supplier under this Rate Schedule on behalf of the School Supplier's Pool Customers. The School Pooling Agreement shall have an initial term of not less than one year and shall automatically extend for succeeding annual terms thereafter subject to cancellation by either party after written notice submitted not less than ninety days prior to the end of the initial term or any succeeding annual term. However, in no event shall the School Pooling Agreement expire during the Winter Season, unless such mid-winter termination date is mutually agreed upon, or School Supplier fails to perform its responsibilities hereunder and Company elects to terminate School Supplier's participation hereunder.

School Supplier must provide written notice to Company of Customers joining its pool, or Customers leaving their pool, 10 business days prior to the first of the month. The effective date for Customers joining or leaving pools will be Customer's read date the following month.

Effective:

RATE 185 **SCHOOL POOLING SERVICE**

Creditworthiness Standards and Requirements:

In order to qualify for participation under the School Pooling Service, School Supplier must pass an initial financial evaluation performed by Company, and any such subsequent evaluation(s) deemed appropriate by Company, to ensure that School Supplier possesses sufficient resources to perform its responsibilities and to ensure financial performance under this Rate Schedule. In addition, if School Supplier's participation in School Pooling Service was previously terminated due to School Supplier's non-compliance, School Supplier shall provide information acceptable to Company that such cause for non-compliance has been corrected and will be avoided in the future. All prior delinquencies must be cured prior to commencing participation in the School Pooling Service. Moreover, any and all charges from previous non-compliance shall be corrected prior to participation in the School Pooling Service.

School Supplier must complete and sign the Company's School Supplier Registration Form and Credit Application to be considered for participation in the School Pooling Service. A School Supplier desiring to participate in the School Pooling Service will be evaluated by the Company to establish credit levels acceptable to the Company. The Company will apply, on a non-discriminatory basis, reasonable financial standards to assess and examine a School Supplier's creditworthiness. These standards will take into consideration the scope of the operations of each School Supplier and the level of risk to Company. In order to pass Company's financial evaluation, School Supplier may be required to provide security, the form and amount of which shall be specified by Company.

Financial evaluations will be based on standard credit factors such as financial and credit ratings, trade references, bank information, unused line of credit, Pool Customers' payment histories, and related financial information that has been independently audited, if available. Company shall determine creditworthiness based on the above criteria, and will not deny School Supplier's participation in the School Pooling Service without reasonable cause.

Company reserves the right to conduct a financial re-evaluation of School Supplier from time to time. Such re-evaluation may be initiated either by a request from School Supplier, or by Company if Company reasonably believes that the creditworthiness of School Supplier may have changed or that the operating environment or other conditions may have changed that may have increased the risks posed by operations of the Pool. Based on such re-evaluation, School Supplier's level of participation may be increased or decreased, additional security may be required, or School Supplier may be removed from further participation in School Pooling Service.

School Supplier Code of Conduct

Each School Supplier participating in School Pooling Service shall:

1. Communicate to Customers, in clear, understandable terms, Customers' rights and responsibilities. This communication shall include: 1) School Supplier's customer service address, local or toll-free telephone number and hours of operation; and 2) a statement describing the procedures for handling complaints and disputes.
2. Provide in writing, pricing and payment terms that are clear and understandable and inform Customers whether the price that Customer will pay is inclusive or exclusive of applicable taxes.

Effective:

RATE 185

SCHOOL POOLING SERVICE

3. Refrain from engaging in communications, acts or practices that are fraudulent, deceptive, misleading, unfair, or unconscionable.
4. Deliver gas to Company on a firm basis on behalf of the School Supplier's Pool Customers in accordance with the requirements of Rate 185 and the School Pooling Agreement.
5. Establish and maintain a creditworthy financial position to enable School Supplier to indemnify Company for costs incurred as a result of any failure by School Supplier to deliver gas or pay invoices in accordance with the requirements of this Rate Schedule.
6. Make good faith efforts to resolve all disputes between School Supplier and its Pool Customers and to cooperate with resolution of any joint issues with Company.

Failure to fulfill any of these obligations shall be considered a violation of the School Supplier Code of Conduct, subject to consequences set forth in the Consequences of School Supplier's Failure to Perform or Comply section of the following Terms and Conditions.

Required Regulatory Approvals:

School Supplier must comply with all state and federal regulations related to its transportation of School Supplier-Delivered Gas.

TERMS AND CONDITIONS

Unaccounted for Percentage:

School Supplier shall compensate Company for unaccounted for gas. The quantity of gas available to School Supplier's Pool Customers on a daily basis shall be equal to the quantity of gas delivered for Pool Customers into Company's distribution system at the point of receipt, reduced by an Unaccounted For Gas Percentage as set forth in Appendix F.

Nomination and Balancing Procedures:

School Supplier shall be subject to the School Nomination and Balancing Provisions in Appendix J.

Comparable Firm Capacity Requirement:

Each month, School Supplier agrees to secure sufficient firm interstate pipeline capacity with primary delivery points to Company's city gates and firm supply to meet 100% of that month's Peak Design Day Demand of its Pool Customers.

On a daily basis, Company will provide School Supplier with the revised Peak Design Day Demand for School Supplier's Pool effective the following day. This volume will change over time as necessary to reflect Customers joining and/or leaving School Supplier's Pool and any changes in Company's peak design day demand parameters.

Company may periodically verify School Supplier's compliance with this Comparable Firm Capacity Requirement. School Supplier will provide to Company upon request copies of contracts for upstream pipeline capacity not assigned by Company and supply contracts showing the firm quantities reserved or purchased and the specific points of delivery. If School Supplier is securing firm city gate supplies, School Supplier shall provide a copy of such firm supply agreement, and additional documentation as required by Company to confirm compliance of the applicable interstate pipeline capacity.

Effective:

RATE 185 **SCHOOL POOLING SERVICE**

If Company identifies a firm capacity deficiency, such deficiency shall be resolved to Company's satisfaction by one or a combination of the following, at School Supplier's discretion: 1) immediate acquisition by School Supplier of additional firm pipeline capacity, 2) assignment to School Supplier of Company's available pipeline capacity, 3) delayed enrollment of new Pool Customers, 4) return of existing Pool Customers to Company's Sales Service, or 5) transfer of Pool Customers to another School Supplier. If Company identifies a firm supply deficiency, such deficiency shall be resolved to Company's satisfaction by one or a combination of the following, at School Supplier's discretion: 1) immediate acquisition by School Supplier of additional firm supply, 2) delayed enrollment of new Pool Customers, 3) return of existing Pool Customers to Company's Sales Service, or 4) transfer of Pool Customers to another School Supplier.

Assignment of Pipeline Capacity:

School Supplier may seek assignment of Company's firm interstate pipeline capacity for meeting some portion of the usage requirements of School Supplier's Pool Customers. Company may decline to assign firm transportation and/or storage capacity if such capacity is needed to meet the needs of its Sales Service Customers or to perform the operational balancing function.

School Supplier shall take direct assignment of specific interstate pipeline firm transportation and/or storage capacity for a term, unless otherwise agreed to by Company, which is the lesser of: 1) the term of the School Pooling Agreement, or 2) the remaining term of the service agreement with the interstate pipeline applicable to such capacity, less one day, subject to Company's right of capacity recall contained elsewhere in these Terms and Conditions. Specific terms and conditions of any capacity assignment will be negotiated between School Supplier and Company, or its agent, including length of term, price, and recall timing, subject to FERC requirements for capacity release.

School Supplier may not change any primary points of receipt or delivery associated with assigned pipeline transportation contracts during the term of the capacity assignment. In addition, for specific parcels of capacity identified by Company, School Supplier may not utilize any delivery point other than those primary and secondary points identified by Company unless the capacity is released at the pipeline's full tariff rate or unless an alternate capacity billing arrangement is agreed to by School Supplier and Company. The assigned capacity is subject to recall at any time if School Supplier does not perform in accordance with the School Pooling Agreement or fails to comply with the School Supplier Code of Conduct and other provisions set forth in these Terms and Conditions.

School Supplier may re-release any capacity assigned to it hereunder, provided that: 1) School Supplier will continue to be responsible to Company for payment of all pipeline charges associated with the assigned capacity; 2) any re-release of such capacity remains subject to the restrictions identified in the Assignment of Pipeline Capacity section; and 3) the capacity is not needed to satisfy the School Supplier's Pool's DDQ on such day(s). School Supplier may use other firm pipeline capacity to accomplish its DDQ and re-release portions of its assigned pipeline capacity, subject to the previously mentioned restrictions.

Effective:

RATE 185

SCHOOL POOLING SERVICE

Company Demand Forecast:

Company shall forecast each School Pool's Peak Design Day Demand and Expected Demand based upon Company's design day and forecasted weather, respectively, the number of Customers in the Pool, and the historic usage characteristics of the Pool Customers.

Curtailment Provisions:

School Supplier shall be subject to the Curtailment Procedures in Company's General Terms and Conditions Applicable to Gas Service, Rule 24.

Consequences of School Supplier's Failure to Perform or Comply

If School Supplier fails to deliver gas in accordance with the requirement of the School Pooling Agreement, or otherwise fails to comply with the provisions of this Rate Schedule, Company shall have the discretion to initiate the process to suspend temporarily or terminate such School Supplier's further participation for the applicable Pool.

If School Supplier is suspended or expelled from the School Pooling Service relative to a specific Pool, Customers in such Pool shall revert to Company's Sales Service, unless and until said Customers join another School Supplier's Pool. Any termination or cancellation of the School Pooling Agreement relative to some or all of the School Supplier's Pools and pursuant to any provision of this section shall be without waiver of any remedy, whether at law or in equity, to which the part not in default otherwise may be entitled for breach of the School Pooling Agreement.

School Supplier Operator Withdrawal or Termination:

If School Supplier in total or for a specific Pool is restricted from further participation in the School Pooling Service or elects to withdraw from the School Pooling Service, Company shall have the right to recall all pipeline capacity then assigned to School Supplier by Company associated with the specific Pool(s) in accordance with the terms of the release agreement, and have first rights to any additional pipeline capacity the School Supplier utilizes for delivery to Company's city-gate.

School Supplier shall remain responsible for the differences between the market value of the assigned pipeline capacity and the full demand charges applicable to such capacity until the earliest normal expiration date of the School Pooling Agreement, which shall constitute liquidated damages. Upon withdrawal or termination, any Over-Delivery Imbalance Quantity or Under-Delivery Imbalance Quantity shall be resolved through the purchase or sale of volumes at the price set out in the Volume Reconciliation section of Appendix J.

Other

Gas Service rendered under this Rate Schedule shall be subject to Company's General Terms and Conditions and the Commission's Regulations.

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RATE 190 **STORAGE SERVICE**

AVAILABILITY

This Rate Schedule shall be available throughout the Company's Service Area, subject to the availability of accessible storage capacity which determination shall be in the Company's reasonable discretion.

APPLICABILITY

This Rate Schedule is applicable to Transportation Customers electing service hereunder.

CHARACTER OF SERVICE

This Rate Schedule applies to the provision of Storage Service.

RATES AND CHARGES

The monthly Rates and Charges for Gas Service under this Rate Schedule shall be:

Capacity Charge: The Capacity Charge each month shall be \$1.1527 per Dekatherm multiplied by the Maximum Daily Quantity.

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Inventory Charge:

The Inventory Charge shall be \$0.0105 per Dekatherm multiplied by the average inventory balance of gas that Company has held for Customer's account during the month. The average inventory balance shall be the average of the Dekatherms of gas held for the Customer's account during each day of the month.

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Injection Retention:

Company shall retain 0.8% of the Dekatherms of gas designated by Customer during the month for injection into Company's storage facilities for Customer's account.

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Minimum Monthly Charge:

The Minimum Monthly Charge shall be the sum of the Inventory Charge and the Capacity Charge.

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Other Charges:

The Other Charges set forth in Appendix C shall be charged to Customer, if applicable.

CONTRACT

Prior to initiation of Storage Service, a written contract shall be executed between Company and Customer. The contract shall specify Customer's Maximum Daily Quantity in Dekatherms. The contract shall have a minimum term of not less than one year and shall automatically extend for succeeding annual terms thereafter, subject to cancellation by either party after written notice submitted not less than ninety days prior to the end of the initial term or any succeeding annual term. However, in no event shall the contract expire during the Winter Season, unless such mid-winter termination date is mutually agreed upon.

Effective:

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RATE 190 **STORAGE SERVICE**

GAS STORAGE PROVISIONS

The maximum quantity of gas Customer may maintain in storage, without prior approval of the Company, shall be thirty (30) days times the Maximum Daily Quantity.

Company shall exercise its best efforts to inject gas into storage upon request by Customer. Customer shall notify Company not less than 24 hours in advance of the quantity of gas it elects to have Company inject into storage for its account. The quantity to be injected in any day may not exceed the Maximum Daily Quantity without prior approval from Company. Company shall not be liable for any inability to inject gas in its facilities as requested by Customer.

Customer may request withdrawals from storage for any day. However, in any day such withdrawal shall not exceed, without specific prior approval by Company, the Maximum Daily Quantity specified by contract with Company. Company shall not be liable for any inability to withdraw gas from its facilities as requested by Customer.

TERMS AND CONDITIONS

- (1) Gas Service rendered under this Rate Schedule shall be subject to Company's General Terms and Conditions and the Commission's Regulations.
- (2) In no event shall Company be obligated to incur any costs for additional facilities necessary to provide Storage Service under this Rate Schedule. Nonetheless, in the event Company elects to incur such costs, the costs of any additional facilities, including but not limited to any necessary telemetering equipment, that in Company's sole judgment are required or must be incurred by Company to provide Storage Service, shall be the sole responsibility of Customer, and shall be payable in full prior to the initiation of Gas Service. In addition, such costs shall include all applicable taxes.

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APPENDIX A GAS COST ADJUSTMENT

APPLICABILITY

The Gas Cost Adjustment (GCA), as updated from time to time, shall be applicable to the Gas Cost Charges included in Rate Schedules contained in this Tariff for Gas Service, as set forth below.

DESCRIPTION

The GCA shall recover the following costs, as reviewed and approved by the Commission:

1. Demand, commodity and other costs of gas supply purchased from suppliers.
2. Demand, commodity and other costs of pipeline transportation service.
3. Demand, commodity and other costs of leased gas storage and related transportation costs.
4. The net cost of gas injected into and withdrawn from storage.
5. Pipeline Take or Pay Charges and Transition Costs, and any like charges.
6. Applicable taxes, including Indiana Utility Receipts Tax.
7. All other costs approved for Gas Cost Adjustment recovery by the Commission.

GCA CHARGES – Dollars per Therm

Applicable GCAs

Rate Schedule	Service	Estimated	Estimated	Estimated
		(\$ per Therm)	(\$ per Therm)	(\$ per Therm)
		Eff.	Eff.	Eff.
110	Sales	\$ _____	\$ _____	\$ _____
120	Sales	\$ _____	\$ _____	\$ _____
125	Transportation	\$0.0000	\$0.0000	\$0.0000
129	Sales	\$ _____	\$ _____	\$ _____
145	Transportation	\$0.0000	\$0.0000	\$0.0000
160	Transportation	\$0.0000	\$0.0000	\$0.0000
170	Transportation	\$0.0000	\$0.0000	\$0.0000

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APPENDIX B

NORMAL TEMPERATURE ADJUSTMENT

The billed amount for each Rate 110, 120 and 125 Customer shall be subject to a Normal Temperature Adjustment (NTA) for each bill rendered during the seven winter billing periods commencing with Customer's first meter read date after October 14th.

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The NTA adjusts each Customer's monthly billed amount to reverse the impact on margin recovery caused by non-normal temperatures during the billing period, as measured by actual heating degree day variations from normal heating degree days.

NTA COMPUTATION

The NTA for each Customer's monthly billing shall be computed as follows:

$$\text{NTA} = \text{NTA Therms} \times \text{NTA Margin}$$

NTA THERMS

The NTA Therms usage for each Customer to which the NTA Margin shall be applied is computed as follows:

$$\text{NTA Therms} = \frac{[\text{Actual Usage} - \text{Base Load Usage}]}{\text{Actual Degree Days}} \times [\text{Normal Degree Days} - \text{Actual Degree Days}]$$

NTA MARGIN

The NTA Margin shall be the tail block rate of the Distribution Charge for the applicable Rate Schedule.

BASE LOAD THERMS

Base Load Therms shall be Customer's average daily therms usage for the previous summer months (months of July and August) multiplied by the number of days in the billing period.

For Customers whose Base Load Usage cannot be accurately determined (e.g., new Customers without two months of summer usage history), an estimated Average Daily Therms shall be used.

NORMAL AND ACTUAL DEGREE DAYS

Normal Degree Days for each Customer's billing period shall be those utilized by the Commission for purposes of determining Company's current base rates.

Actual Degree Days for each Customer's billing period shall be taken from the actual heating degree days reported each day by the National Weather Service.

Effective:

APPENDIX B

NORMAL TEMPERATURE ADJUSTMENT

Normal Degree Days for the NTA are determined by the days included in each Customer's billing period. Normal Degree Days in a leap year (a year consisting of 366 days) differ from those in non-leap years (years consisting of 365 days). Applicable Normal Degree Days tables for leap and non-leap years, as determined in Company's most recent general rate case, follow.

The following steps are used to determine Normal Degree Days in the NTA calculation:

1. Determine the days associated with Customer's billing period.
 - i. If the billing period includes days occurring in a leap year, the Normal Degree Days table for LEAP YEAR is used.
 - ii. If the billing period includes no days occurring in a leap year, the Normal Degree Days table for NON-LEAP YEAR is used.
2. From the appropriate table determine the total Normal Degree Days (NDD) for the current billing cycle, beginning with the day following the previous read date and ending with the current read date for the current billing period. This total represents the Normal Degree Days for the NTA calculation for the current billing period. Note: Actual Degree Days appear on Customer's bill.

Effective:

APPENDIX B NORMAL TEMPERATURE ADJUSTMENT

NORMAL DEGREE DAYS (NDD)

NON-LEAP YEAR

Date	NDD	Date	NDD	Date	NDD	Date	NDD	Date	NDD	Date	NDD
Jul 1	0	Aug 22	0	Oct 13	7	Dec 4	26	Jan 25	34	Mar 18	18
Jul 2	0	Aug 23	0	Oct 14	8	Dec 5	26	Jan 26	34	Mar 19	18
Jul 3	0	Aug 24	0	Oct 15	8	Dec 6	26	Jan 27	34	Mar 20	17
Jul 4	0	Aug 25	0	Oct 16	8	Dec 7	26	Jan 28	34	Mar 21	17
Jul 5	0	Aug 26	0	Oct 17	9	Dec 8	27	Jan 29	33	Mar 22	17
Jul 6	0	Aug 27	0	Oct 18	9	Dec 9	27	Jan 30	33	Mar 23	17
Jul 7	0	Aug 28	0	Oct 19	9	Dec 10	27	Jan 31	33	Mar 24	16
Jul 8	0	Aug 29	0	Oct 20	10	Dec 11	28	Feb 1	33	Mar 25	16
Jul 9	0	Aug 30	1	Oct 21	10	Dec 12	28	Feb 2	33	Mar 26	16
Jul 10	0	Aug 31	0	Oct 22	10	Dec 13	28	Feb 3	33	Mar 27	15
Jul 11	0	Sep 1	0	Oct 23	10	Dec 14	29	Feb 4	32	Mar 28	15
Jul 12	0	Sep 2	0	Oct 24	11	Dec 15	29	Feb 5	32	Mar 29	15
Jul 13	0	Sep 3	0	Oct 25	11	Dec 16	29	Feb 6	32	Mar 30	14
Jul 14	0	Sep 4	0	Oct 26	12	Dec 17	29	Feb 7	32	Mar 31	14
Jul 15	0	Sep 5	0	Oct 27	12	Dec 18	30	Feb 8	31	Apr 1	14
Jul 16	0	Sep 6	0	Oct 28	12	Dec 19	30	Feb 9	31	Apr 2	14
Jul 17	0	Sep 7	0	Oct 29	13	Dec 20	30	Feb 10	31	Apr 3	13
Jul 18	0	Sep 8	1	Oct 30	13	Dec 21	30	Feb 11	31	Apr 4	13
Jul 19	0	Sep 9	1	Oct 31	13	Dec 22	31	Feb 12	30	Apr 5	13
Jul 20	0	Sep 10	1	Nov 1	14	Dec 23	31	Feb 13	30	Apr 6	12
Jul 21	0	Sep 11	1	Nov 2	14	Dec 24	31	Feb 14	30	Apr 7	12
Jul 22	0	Sep 12	1	Nov 3	14	Dec 25	31	Feb 15	30	Apr 8	12
Jul 23	0	Sep 13	1	Nov 4	15	Dec 26	32	Feb 16	29	Apr 9	12
Jul 24	0	Sep 14	1	Nov 5	15	Dec 27	32	Feb 17	29	Apr 10	11
Jul 25	0	Sep 15	1	Nov 6	15	Dec 28	32	Feb 18	29	Apr 11	11
Jul 26	0	Sep 16	1	Nov 7	16	Dec 29	32	Feb 19	28	Apr 12	11
Jul 27	0	Sep 17	1	Nov 8	16	Dec 30	32	Feb 20	28	Apr 13	10
Jul 28	0	Sep 18	2	Nov 9	16	Dec 31	33	Feb 21	28	Apr 14	10
Jul 29	0	Sep 19	2	Nov 10	17	Jan 1	33	Feb 22	27	Apr 15	10
Jul 30	0	Sep 20	2	Nov 11	17	Jan 2	33	Feb 23	27	Apr 16	10
Jul 31	0	Sep 21	2	Nov 12	18	Jan 3	33	Feb 24	27	Apr 17	9
Aug 1	0	Sep 22	2	Nov 13	18	Jan 4	33	Feb 25	26	Apr 18	9
Aug 2	0	Sep 23	2	Nov 14	18	Jan 5	34	Feb 26	26	Apr 19	9
Aug 3	0	Sep 24	3	Nov 15	19	Jan 6	34	Feb 27	25	Apr 20	9
Aug 4	0	Sep 25	3	Nov 16	19	Jan 7	34	Feb 28	25	Apr 21	8
Aug 5	0	Sep 26	3	Nov 17	19	Jan 8	34	Mar 1	25	Apr 22	8
Aug 6	0	Sep 27	3	Nov 18	20	Jan 9	34	Mar 2	24	Apr 23	8
Aug 7	0	Sep 28	3	Nov 19	20	Jan 10	34	Mar 3	24	Apr 24	8
Aug 8	0	Sep 29	4	Nov 20	20	Jan 11	34	Mar 4	23	Apr 25	7
Aug 9	0	Sep 30	4	Nov 21	21	Jan 12	34	Mar 5	23	Apr 26	7
Aug 10	0	Oct 1	4	Nov 22	21	Jan 13	34	Mar 6	23	Apr 27	7
Aug 11	0	Oct 2	4	Nov 23	22	Jan 14	34	Mar 7	22	Apr 28	6
Aug 12	0	Oct 3	5	Nov 24	22	Jan 15	34	Mar 8	22	Apr 29	6
Aug 13	0	Oct 4	5	Nov 25	22	Jan 16	34	Mar 9	21	Apr 30	6
Aug 14	0	Oct 5	5	Nov 26	23	Jan 17	34	Mar 10	21	May 1	6
Aug 15	0	Oct 6	5	Nov 27	23	Jan 18	34	Mar 11	21	May 2	5
Aug 16	0	Oct 7	6	Nov 28	23	Jan 19	34	Mar 12	20	May 3	5
Aug 17	0	Oct 8	6	Nov 29	24	Jan 20	34	Mar 13	20	May 4	5
Aug 18	0	Oct 9	6	Nov 30	24	Jan 21	34	Mar 14	20	May 5	5
Aug 19	0	Oct 10	7	Dec 1	24	Jan 22	34	Mar 15	19	May 6	4
Aug 20	0	Oct 11	7	Dec 2	25	Jan 23	34	Mar 16	19	May 7	4
Aug 21	0	Oct 12	7	Dec 3	25	Jan 24	34	Mar 17	19	May 8	4
										Jun 9	4
										May 10	4
										May 11	3
										May 12	3
										May 13	3
										May 14	3
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										May 28	1
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										May 31	1
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										Jun 29	0
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Effective:

APPENDIX B NORMAL TEMPERATURE ADJUSTMENT

NORMAL DEGREE DAYS (NDD)

LEAP YEAR

Date	NDD	Date	NDD	Date	NDD	Date	NDD	Date	NDD	Date	NDD	Date	NDD
Jul 1	0	Aug 22	0	Oct 13	7	Dec 4	26	Jan 25	34	Mar 17	18	May 8	4
Jul 2	0	Aug 23	0	Oct 14	8	Dec 5	26	Jan 26	34	Mar 18	18	May 9	4
Jul 3	0	Aug 24	0	Oct 15	8	Dec 6	26	Jan 27	34	Mar 19	17	May 10	3
Jul 4	0	Aug 25	0	Oct 16	8	Dec 7	26	Jan 28	34	Mar 20	17	May 11	3
Jul 5	0	Aug 26	0	Oct 17	9	Dec 8	27	Jan 29	33	Mar 21	17	May 12	3
Jul 6	0	Aug 27	0	Oct 18	9	Dec 9	27	Jan 30	33	Mar 22	17	May 13	3
Jul 7	0	Aug 28	0	Oct 19	9	Dec 10	27	Jan 31	33	Mar 23	16	May 14	3
Jul 8	0	Aug 29	0	Oct 20	10	Dec 11	28	Feb 1	33	Mar 24	16	May 15	2
Jul 9	0	Aug 30	1	Oct 21	10	Dec 12	28	Feb 2	33	Mar 25	16	May 16	2
Jul 10	0	Aug 31	0	Oct 22	10	Dec 13	28	Feb 3	33	Mar 26	15	May 17	2
Jul 11	0	Sep 1	0	Oct 23	10	Dec 14	29	Feb 4	32	Mar 27	15	May 18	2
Jul 12	0	Sep 2	0	Oct 24	11	Dec 15	29	Feb 5	32	Mar 28	15	May 19	2
Jul 13	0	Sep 3	0	Oct 25	11	Dec 16	29	Feb 6	32	Mar 29	14	May 20	2
Jul 14	0	Sep 4	0	Oct 26	12	Dec 17	29	Feb 7	32	Mar 30	14	May 21	2
Jul 15	0	Sep 5	0	Oct 27	12	Dec 18	30	Feb 8	31	Mar 31	14	May 22	2
Jul 16	0	Sep 6	0	Oct 28	12	Dec 19	30	Feb 9	31	Apr 1	14	May 23	1
Jul 17	0	Sep 7	0	Oct 29	13	Dec 20	30	Feb 10	31	Apr 2	13	May 24	1
Jul 18	0	Sep 8	1	Oct 30	13	Dec 21	30	Feb 11	31	Apr 3	13	May 25	1
Jul 19	0	Sep 9	1	Oct 31	13	Dec 22	31	Feb 12	30	Apr 4	13	May 26	1
Jul 20	0	Sep 10	1	Nov 1	14	Dec 23	31	Feb 13	30	Apr 5	12	May 27	1
Jul 21	0	Sep 11	1	Nov 2	14	Dec 24	31	Feb 14	30	Apr 6	12	May 28	1
Jul 22	0	Sep 12	1	Nov 3	14	Dec 25	31	Feb 15	30	Apr 7	12	May 29	1
Jul 23	0	Sep 13	1	Nov 4	15	Dec 26	32	Feb 16	29	Apr 8	12	May 30	1
Jul 24	0	Sep 14	1	Nov 5	15	Dec 27	32	Feb 17	29	Apr 9	11	May 31	1
Jul 25	0	Sep 15	1	Nov 6	15	Dec 28	32	Feb 18	29	Apr 10	11	Jun 1	1
Jul 26	0	Sep 16	1	Nov 7	16	Dec 29	32	Feb 19	28	Apr 11	11	Jun 2	1
Jul 27	0	Sep 17	1	Nov 8	16	Dec 30	32	Feb 20	28	Apr 12	10	Jun 3	1
Jul 28	0	Sep 18	2	Nov 9	16	Dec 31	33	Feb 21	28	Apr 13	10	Jun 4	1
Jul 29	0	Sep 19	2	Nov 10	17	Jan 1	33	Feb 22	27	Apr 14	10	Jun 5	0
Jul 30	0	Sep 20	2	Nov 11	17	Jan 2	33	Feb 23	27	Apr 15	10	Jun 6	0
Jul 31	0	Sep 21	2	Nov 12	18	Jan 3	33	Feb 24	27	Apr 16	9	Jun 7	0
Aug 1	0	Sep 22	2	Nov 13	18	Jan 4	33	Feb 25	26	Apr 17	9	Jun 8	0
Aug 2	0	Sep 23	2	Nov 14	18	Jan 5	34	Feb 26	26	Apr 18	9	Jun 9	0
Aug 3	0	Sep 24	3	Nov 15	19	Jan 6	34	Feb 27	25	Apr 19	9	Jun 10	0
Aug 4	0	Sep 25	3	Nov 16	19	Jan 7	34	Feb 28	25	Apr 20	8	Jun 11	0
Aug 5	0	Sep 26	3	Nov 17	19	Jan 8	34	Feb 29	25	Apr 21	8	Jun 12	0
Aug 6	0	Sep 27	3	Nov 18	20	Jan 9	34	Mar 1	24	Apr 22	8	Jun 13	0
Aug 7	0	Sep 28	3	Nov 19	20	Jan 10	34	Mar 2	24	Apr 23	8	Jun 14	0
Aug 8	0	Sep 29	4	Nov 20	20	Jan 11	34	Mar 3	23	Apr 24	7	Jun 15	0
Aug 9	0	Sep 30	4	Nov 21	21	Jan 12	34	Mar 4	23	Apr 25	7	Jun 16	0
Aug 10	0	Oct 1	4	Nov 22	21	Jan 13	34	Mar 5	23	Apr 26	7	Jun 17	0
Aug 11	0	Oct 2	4	Nov 23	22	Jan 14	34	Mar 6	22	Apr 27	6	Jun 18	0
Aug 12	0	Oct 3	5	Nov 24	22	Jan 15	34	Mar 7	22	Apr 28	6	Jun 19	0
Aug 13	0	Oct 4	5	Nov 25	22	Jan 16	34	Mar 8	21	Apr 29	6	Jun 20	0
Aug 14	0	Oct 5	5	Nov 26	23	Jan 17	34	Mar 9	21	Apr 30	6	Jun 21	0
Aug 15	0	Oct 6	5	Nov 27	23	Jan 18	34	Mar 10	21	May 1	5	Jun 22	0
Aug 16	0	Oct 7	6	Nov 28	23	Jan 19	34	Mar 11	20	May 2	5	Jun 23	0
Aug 17	0	Oct 8	6	Nov 29	24	Jan 20	34	Mar 12	20	May 3	5	Jun 24	0
Aug 18	0	Oct 9	6	Nov 30	24	Jan 21	34	Mar 13	20	May 4	5	Jun 25	0
Aug 19	0	Oct 10	7	Dec 1	24	Jan 22	34	Mar 14	19	May 5	4	Jun 26	0
Aug 20	0	Oct 11	7	Dec 2	25	Jan 23	34	Mar 15	19	May 6	4	Jun 27	0
Aug 21	0	Oct 12	7	Dec 3	25	Jan 24	34	Mar 16	19	May 7	4	Jun 28	0
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APPENDIX C **OTHER CHARGES**

Late Payment Charge:

If Customer does not pay a Bill for Gas Service on or before the gross payment due date, Customer shall be assessed a Late Payment Charge of three (3) percent of such Bill.

Reconnect Charge:

When Gas Service is discontinued (1) at the request of Customer, (2) for nonpayment of a Bill, (3) when authorized by Company's General Terms and Conditions or the Commission's Regulations, or (4) for any reason beyond the control of Company, and a reestablishment of Gas Service is required by Customer, Customer shall be charged a Reconnect Charge to cover a part of the cost of discontinuance and reestablishment of Gas Service. Such charge shall be fifty-five dollars (\$55.00). In addition, when Gas Service is reconnected or disconnected after normal working hours at Customer's request, Customer shall be charged an After Hours Charge.

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A charge equal to the Customer Facilities Charge for each month of discontinued Gas Service will also be made for re-establishing Gas Service for the same Customer at the same Premises where Gas Service has been discontinued at the Customer's request during the preceding nine months. The minimum Customer Facilities Charge assessment under the provisions of this paragraph shall be one month's Customer Facilities Charge.

After Hours Charge:

When Gas Service is connected, reconnected or disconnected after normal business hours at Customer's request, Customer shall be charged an After Hours Charge of forty-five dollars (\$45.00) in addition to any other applicable charges for each connection, reconnection or disconnection.

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Insufficient Funds Check Charge:

For each check of Customer returned by any bank due to insufficient funds, Customer shall be charged twenty-five dollars (\$25.00) to cover a part of the cost of processing such check.

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Unauthorized Gas Usage Charge:

Gas usage by Customer or Pool Operator's Pool during a Curtailment Period in excess of the quantity allowed pursuant to Rule 24 shall be considered Unauthorized Gas Usage and shall be subject to the Unauthorized Gas Charge of five dollars (\$5.00) per therm. Company shall have the right to waive all or a portion of the Unauthorized Gas Usage Charge otherwise applicable to any Customer or Pool Operator, provided that waiver of such charge shall be exercised on a non-discriminatory basis.

Fraudulent or Unapproved Use of Gas:

When the Company detects fraudulent or unapproved use of gas, or the Company's regulation, measuring equipment or other service facilities have been tampered with, Company may assess the actual costs for such field calls and repairs, in addition to the other costs pursuant to Rule 27 of the Company's General Terms and Conditions. A minimum charge of sixty-five dollars (\$65.00) per occurrence shall apply.

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Summary Billing Charge:

Bills provided by Company summarizing charges for Educational Institutions who are registered users of vectren.com are subject to a \$45.00 charge.

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APPENDIX D **BASE COST OF GAS**

For informational purposes, the Base Cost of Gas determined in the general rate proceeding in Cause No. 43112, effective _____ is as set forth in the following table. The Base Cost of gas is not reflected in the Base Rates and Charges of the Rate Schedules; all gas costs are recovered through Appendix A, Gas Cost Adjustment.

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Base Cost of Gas **(\$ per Therm)**

<u>Rate Schedule</u>	<u>Service</u>	<u>Commodity</u>	<u>Demand</u>	<u>Total</u>
110	Sales	\$0.9429	\$0.0766	\$1.0195
120	Sales	\$0.9429	\$0.0766	\$1.0195
125	Transportation	\$0.0000	\$0.0000	\$0.0000
129	Sales	\$0.9429	\$0.0766	\$1.0195
145	Transportation	\$0.0000	\$0.0000	\$0.0000
160	Transportation	\$0.0000	\$0.0000	\$0.0000
170	Transportation	\$0.0000	\$0.0000	\$0.0000

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APPENDIX E

NOMINATION AND BALANCING PROVISIONS

APPLICABILITY

The following Provisions shall apply to Pool Operators and to non-Pooling Transportation Customers being provided Gas Service under Rates 145, 160 and 170. Therefore, for purposes of this Appendix E only, the term "Pool Operator", "Pool Customer" and "Pool" when used in the provisions below shall also mean "non-Pooling Transportation Customer."

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NOMINATION PROVISIONS

The Pool Operator shall be obligated to notify Company of the exact daily quantity of its nomination to the delivering pipeline of Pool Operator-Delivered gas to be delivered to Company at pipeline delivery points agreeable to Company (Daily Pipeline Nomination).

Company may require Pool Operator to allocate its Daily Pipeline Nomination to specified city-gate pipeline delivery points based on minimum and maximum allocation percentages, which Company may revise from time to time, based on operational considerations. Company may decline to accept Pool Operator's Daily Pipeline Nominations or deliveries that do not comply with these city-gate allocation percentage requirements.

Pool Operator must provide the notice specified above prior to each change in Pool Operator's Daily Pipeline Nomination by submitting to Company the nomination, via the Company's EBB, by no later than 11:30 AM Central Clock Time ("CCT") of the workday previous to the start date of the Daily Pipeline Nomination. Company may accept nominations submitted after the deadlines specified above within its reasonable discretion. Until Pool Operator submits the required nomination, Pool Operator's nominations of daily quantities shall be zero. The nomination shall include information as required in Company's EBB. Unless otherwise permitted by Company, the Nomination Period shall not exceed thirty-one days.

Pool Operator shall cause the shipper to provide Company with a written statement detailing Pool Operator's actual deliveries under Pool Operator's Daily Pipeline Nomination during each Nomination Period by no later than one day following the end of the billing month.

Pool Operator shall pay a Nomination Error Charge of \$.50 per Dekatherm on the quantity difference between Pool Operator's Daily Transportation Nomination and the confirmed deliveries under Pool Operator's Daily Pipeline Nomination for each day such difference occurs.

Pool Operator shall be assessed a City-Gate Allocation Non-Compliance Charge of \$1.00 per Dekatherm on the quantity difference if the Pool Operator's Daily Transportation Nomination is less than the minimum or greater than the maximum city gate allocation requirements, which are calculated as the minimum or maximum city gate allocation percentages multiplied by the Pool Operator's Daily Transportation Nomination.

Deleted: July 1, 2004

Effective:

APPENDIX E

NOMINATION AND BALANCING PROVISIONS

BALANCING PROVISIONS

Pool Operator shall be obligated to balance its Pool Customers' total usage with the total deliveries of Pool Operator-Delivered Gas. An Imbalance Quantity shall exist when the Pool Operator's Pool's total usage is greater than or less than its total deliveries on a daily basis and/or a monthly basis. Amounts paid by Company to Pool Operator in cashing out Imbalance Quantities shall be eligible for recovery in the Gas Cost Adjustment. Amounts received by Company from Pool Operator in cashing out Imbalance Quantities shall be credited against gas costs in the Gas Cost Adjustment.

The following definitions shall apply:

Daily Index Price: The Daily Midpoint Prices per Dekatherm reported in Gas Daily, in the table "Daily Price Survey" for delivery to:

- (1) Texas Gas, Zone SL; or
- (2) Chicago City-Gates.

Monthly Index Price: The monthly index price per Dekatherm reported in Inside FERC's Gas Market Report, in the table "Prices of Spot Gas Delivered to Interstate Pipelines" for delivery to:

- (1) Texas Gas Transmission Corp., Zone SL; or
- (2) Inside FERC's Gas Market Report, in the table "Market Center Spot Gas Prices", Upper Midwest, Chicago City-Gates.

Daily Under-Delivery Charge: The Daily Under-Delivery Charge shall be the highest of the sums of each Daily Index price and the maximum interruptible pipeline transportation rate, including fuel and all surcharges, applicable to each Daily Index Price.

Daily Over-Delivery Charge: The Daily Over-Delivery Charge shall be the lowest of the sums of each Daily Index Price and the firm pipeline transportation commodity rate, including fuel and all surcharges, applicable to each Daily Index Price.

Monthly Under-Delivery Charge: The Monthly Under-Delivery Charge shall be the greater of:

- (1) Company's average gas costs (demand and commodity), based on its gas purchases for the month; or
- (2) The highest of the sums of each Monthly Index Price and the maximum interruptible pipeline transportation rate, including fuel and all surcharges, applicable to each Monthly Index Price.

Monthly Over-Delivery Charge: The Monthly Over-Delivery Charge shall be the lower of:

- (1) Company's average gas cost (demand and commodity), based on its gas purchases for the month; or
- (2) The lowest of the sums of each Monthly Index price and the firm pipeline transportation commodity rate, including fuel and all surcharges, applicable to each Monthly Index Price.

Monthly Average Index Charge: The Monthly Average Index Charge shall be the average of the sums of each Monthly Index Price and the average pipeline transportation commodity rate, including fuels and surcharges, applicable to each Monthly Index Price.

Deleted: July 1, 2004

Effective:

APPENDIX E

NOMINATION AND BALANCING PROVISIONS

DAILY BALANCING PROVISIONS

Pool Operator shall be obligated to balance its Pool Customers' total usage ("Total Daily Usage") with the aggregated total daily deliveries of Pool Operator-Owned Gas by the pipeline, as adjusted to reflect Company's system line loss percentage as specified in Appendix F ("Total Daily Deliveries"). A Daily Imbalance Quantity shall exist when the Total Daily Usage is greater than or less than the Pool Operator's Total Daily Deliveries.

Daily Under-Delivery Imbalance: If Pool Operator's Total Daily Deliveries are less than its Pool Customers' Total Daily Usage, the gas shortfall shall be considered Daily Under-Delivery Imbalance Quantities. Daily Under-Delivery Imbalance Quantities up to and including 10% of Total Daily Usage shall be carried over to month-end; all quantities over 10% shall be Cashed out with the Company. Pool Operator shall pay Company for Daily Under-Delivery Gas Quantities greater than 10% of Total Daily Usage pursuant to the following:

- (1) 1.1 times the Daily Under-Delivery Charge for each Dekatherm of Under-Delivery Imbalance Quantity that is greater than 10%, up to and including 20% of Total Daily Usage; plus
- (2) 1.2 times the Daily Under-Delivery Charge for each Dekatherm of Daily Under-Delivery Imbalance Quantity that is greater than 20%, up to and including 30% of Total Daily Usage; plus
- (3) 1.4 times the Daily Under-Delivery Charge for each Dekatherm of Daily Under-Delivery Imbalance Quantity that is greater than 30% of Total Daily Usage; plus
- (4) Applicable taxes.

During a Cold Weather OFO, the aforementioned Daily Under-Delivery Imbalance provisions will be replaced by those specified in the section entitled Operational Flow Orders. During a Warm Weather OFO, the Daily Under-Delivery Imbalance provisions shall not apply.

Daily Over-Delivery Imbalance: If Pool Operator's Total Daily Deliveries are greater than its Pool Customers' Total Daily Usage, the excess gas shall be considered Daily Over-Delivery Imbalance Quantities. Daily Over-Delivery Imbalance Quantities up to and including 10% of Total Daily Usage shall be carried over to month-end. If the Company or the pipeline would experience any operating difficulties as a result of Daily Over-Delivery Imbalance Quantity of Customer's gas exceeding 10% of Total Daily Usage, Company may decline to accept delivery of the excess quantities. If Company does receive the excess quantities, they shall be Cashed out with the Company. Company shall pay Pool Operator for such Daily Over-Delivery Imbalance Quantities greater than 10% of Total Daily Usage pursuant to the following:

- 1) 0.9 times the Daily Over-Delivery Charge for each Dekatherm of Daily Over-Delivery Imbalance Quantity that is greater than 10%, up to and including 20% of Total Daily Usage; plus
- 2) 0.8 times the Daily Over-Delivery Charge for each Dekatherm of Daily Over-Delivery Imbalance Quantity that is greater than 20%, up to and including 30% of Total Daily Usage; plus
- 3) 0.6 times the Daily Over-Delivery Charge for each Dekatherm of Daily Over-Delivery Imbalance Quantity that is greater than 30% of Total Daily Usage.

During a Warm Weather OFO, the aforementioned Daily Over-Delivery Imbalance provisions will be replaced by those specified in the section entitled Operational Flow Orders. During a Cold Weather OFO, the Daily Over-Delivery Imbalance provisions shall not apply.

APPENDIX E

NOMINATION AND BALANCING PROVISIONS

MONTHLY BALANCING PROVISIONS

Pool Operator shall be obligated to balance its Pool Customers' total monthly usage ("Total Monthly Usage") with the actual monthly deliveries of Pool Operator-Delivered Gas by the pipeline, as adjusted to reflect (1) Company's unaccounted for gas percentage as specified in Appendix F, (2) the net effect of Daily Imbalance Quantities cashed out during the current month, and (3) prior month Monthly Over-Delivery Imbalance Quantities made available to Pool Operator or Monthly Under-Delivery Imbalance Quantities made up by Pool Operator, (collectively, "Total Monthly Deliveries"). A Monthly Imbalance Quantity shall exist when the Total Monthly Usage is greater than or less than the Pool Operator's Total Monthly Deliveries.

Monthly Under-Delivery Imbalance: If the Total Monthly Deliveries for Pool Operator's account at the end of the month are less than its Pool Customers' Total Monthly Usage, the gas shortfall shall be considered Monthly Under-Delivery Imbalance Quantities. Monthly Under-Delivery Imbalance Quantities up to and including 5% of Total Monthly Usage shall be carried forward to the following month; quantities greater than 5% shall be Cashed out with the Company. Pool Operator shall pay Company for Monthly Under-Delivery Imbalance Quantities greater than 5% of Total Monthly Usage pursuant to the following:

- (1) 1.1 times the Monthly Under-Delivery Charge for each Dekatherm of Monthly Under-Delivery Imbalance Quantity that is greater than 5%, up to and including 15% of Total Monthly Usage; plus
- (2) 1.2 times the Monthly Under-Delivery Charge for each Dekatherm of Monthly Under-Delivery Imbalance Quantity that is greater than 15%, up to and including 25% of Total Monthly Usage; plus,
- (3) 1.4 times the Monthly Under-Delivery Charge for each Dekatherm of Monthly Under-Delivery Imbalance Quantity that is greater than 25% of Total Monthly Usage; plus
- (4) Applicable taxes.

Monthly Over-Delivery Imbalance: If the Total Monthly Deliveries for Pool Operator's account at the end of the month are greater than its Pool Customer's Total Monthly Usage, the gas excess shall be considered Monthly Over-Delivery Imbalance Quantities. Monthly Over-Delivery Imbalance Quantities up to and including 5% of Total Monthly Usage shall be carried forward to the following month; quantities greater than 5% shall be Cashed out with the Company. Company shall pay Pool Operator for Monthly Over-Delivery Imbalance Quantities greater than 5% of Total Monthly Usage pursuant to the following:

- (1) 0.9 times the Monthly Over-Delivery Charge for each Dekatherm of Monthly Over-Delivery Imbalance Quantity that is greater than 5%, up to and including 15% of Total Monthly Usage; plus:
- (2) 0.8 times the Monthly Over-Delivery Charge for each Dekatherm of Monthly Over-Delivery Imbalance Quantity that is greater than 15%, up to and including 25% of Total Monthly Usage; plus
- (3) 0.6 times the Monthly Over-Delivery Charge for each Dekatherm of Monthly Over-Delivery Imbalance that is greater than 25% of Total Monthly Usage.

Deleted: July 1, 2004

Effective:

APPENDIX E

NOMINATION AND BALANCING PROVISIONS

OPERATIONAL FLOW ORDERS

Pool Operator is obligated, when requested by the Company through an Operational Flow Order ("OFO"), to nominate and deliver gas supply to the Company's city gates in the manner instructed by the Company. Company may call a Cold Weather OFO or a Warm Weather OFO where such action is necessary, in the Company's sole judgment, to (1) protect the reliability of Company's gas system; (2) comply with Company's Curtailment Procedures in the General Terms and Conditions Applicable to Gas Service, and/or (3) adhere to the various interstate pipeline companies' balancing requirements, as stated in their FERC-approved tariffs.

Cold Weather OFO Day: During a Cold Weather OFO, the Pool Operator shall be subject to the following Daily OFO Under-Delivery Imbalance provisions:

If Pool Operator's Daily Under-Delivery Imbalance Quantity is greater than 3% of Total Daily Usage, the shortfall quantities shall be Cashed-out with the Company. Pool Operator shall pay Company the following:

- (1) For each Dekatherm of Daily Under-Delivery Imbalance Quantities greater than three (3) percent of Total Daily Usage, the greater of the highest incremental gas cost paid by Company on the date of noncompliance or the Daily Under-Delivery Charge; plus
- (2) The payment of all other charges incurred by Company and attributable to Pool Operator's Daily Under-Delivery Imbalance Quantity, including pipeline penalty charges on the OFO shortfall quantities; plus
- (3) An OFO Imbalance Charge of \$10.00 per Dekatherm on the portion of the Daily Under-Delivery Imbalance Quantity that is greater than three (3) percent of Total Daily Usage; plus
- (4) Applicable taxes.

Warm Weather OFO Day: During a Warm Weather OFO, the Pool Operator shall be subject to the following Daily OFO Over-Delivery Imbalance provisions:

If Pool Operator's Daily Over-Delivery Imbalance Quantity is greater than 3% of its Total Daily Usage, Company may refuse to receive such excess quantities from the pipeline(s). If Company receives such excess quantities, they shall be Cashed out with the Company. Company shall pay the Pool Operator for each Dekatherm of Daily Over-Delivery Imbalance Quantities greater than three (3) percent of Total Daily Usage, the lesser of the lowest incremental gas cost paid by Company on the date of non-compliance or the Daily Over-Delivery Charge. Pool Operator shall pay Company the following:

- (1) The payment of all charges incurred by Company and attributable to the Pool Operator's Daily Over-Delivery Imbalance Quantity; including pipeline penalty charges on the OFO excess quantities; and
- (2) An OFO Imbalance Charge of \$10.00 per Dekatherm on the portion of the Daily Over-Delivery Imbalance Quantity that is greater than three (3) percent of Total Daily Usage; plus
- (3) Applicable taxes.

Deleted: July 1, 2004

Effective:

APPENDIX E

NOMINATION AND BALANCING PROVISIONS

IMBALANCE TRADING

Pool Operator may trade daily and monthly imbalance quantities with other Pool Operators or Non-Pooling Transportation Customers to reduce or eliminate its imbalances. Imbalance Trading is subject to the following Terms and Conditions:

- (1) Daily Imbalances incurred during Operational Flow Order periods are not eligible for trading.
- (2) The schedule for the trading of imbalances shall be as follows:
 - a. Company shall issue an initial statement of daily and monthly imbalances (i.e. prior to imbalance trades) to Pool Operator within ten (10) business days following the end of the month.
 - b. Pool Operator shall complete and submit its daily and monthly imbalance trades to Company within two (2) business days following the issuance of the initial imbalance statement.
 - c. Company shall issue a final imbalance statement of daily and monthly imbalances to Pool Operator within three (3) business days following the close of imbalance trading.
- (3) The quantity eligible for trading is 100% of the calculated pre-trade daily or monthly imbalance quantities. Pool Operator may not trade to establish an imbalance in the opposite direction of the original imbalance.
- (4) Company will bill both parties to an Imbalance Trade a \$10.00 Imbalance Trading Charge for each transaction. For purposes of this charge, a transaction is each transfer of gas imbalance on a specific gas day pursuant to an arrangement by, or between, Pool Operator(s) to purchase, sell, or trade gas imbalances.
- (5) Any dollar payments, receipts, or exchanges of other consideration agreed upon between the parties to an Imbalance Trading transaction are outside the scope of this tariff and must be completed between the parties themselves.
- (6) Trading of imbalances will not be permitted across operational systems, unless specifically approved in advance by Company.

WAIVER OF CHARGES

In its reasonable discretion, on a case-by-case basis, Company may waive all or part of any Charge assessable to Pool Operator pursuant to this Appendix E, provided, however, that the waiver of such Charge shall be exercised on a non-discriminatory basis. Requests for waivers must be submitted in writing to the Company.

Deleted: July 1, 2004

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APPENDIX F **UNACCOUNTED FOR GAS PERCENTAGE**

APPLICABILITY

This Appendix shall be applicable to all Transportation Customers, School Suppliers and Pool Operators.

DESCRIPTION

1.2% of the quantities received by Company from Transportation Customer, School Supplier or Pool Operator at a point of receipt on the Company's distribution system shall be retained by Company to compensate for unaccounted for gas.

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The Unaccounted For Gas Percentage stated above shall be adjusted periodically by the Company, through updating of this Appendix, to reflect any changes in the unaccounted for gas percentage.

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APPENDIX G **UNIVERSAL SERVICE FUND ADJUSTMENT**

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APPLICABILITY

The Universal Service Fund ("USF") Adjustment, established in accordance with the Commission's Orders in Cause Nos. 42590 and 43078, recovers the unfunded balance in the USF from customers receiving service under all rate schedules.

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RATES AND CHARGES

The USF Adjustment shall be applied to each therm of metered gas usage each month. The current USF Adjustments by Rate Schedule are set forth below:

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<u>Rate Schedule</u>	<u>USF Adjustment (per therm)</u>
110	\$0.0070
120	\$0.0040
125	\$0.0040
129	\$0.0040
145 (1)	\$0.0010
160 (1)	\$0.0010
170 (1)	\$0.0010

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Deleted: 120 (transportation)
(1) \$0.0010

(1) During the period January 1, 2007 through May 31, 2007, the charge in any monthly billing period will not exceed \$200.00 per customer.

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Effective:

APPENDIX H **PIPELINE SAFETY ADJUSTMENT**

APPLICABILITY

The Pipeline Safety Adjustment ("PSA") shall be applicable to all Customers receiving Gas Service as set forth below.

DESCRIPTION

The PSA shall recover Company's incremental Operation and Maintenance expenses related to complying with federal mandates resulting from the Pipeline Safety Improvement Act of 2002. Such costs would include incremental expenses related to mapping, training, assessment, testing, data collection and storage, verification audits, remediation, right-of-way clearing, public education programs and all other incremental costs required to comply, including associated taxes.

The Company's actual, incremental pipeline safety expenses, subject to the Annual Limits below, shall be reconciled annually with the actual recovery under this Pipeline Safety Adjustment, with any difference being reflected as a charge or credit over the next twelve months.

The annual limit on actual pipeline safety expenses to be reconciled each calendar year is
\$1,000,000¹

Actual, incremental pipeline safety expenses incurred by the Company in excess of the Annual Limit shall be deferred for recovery through this PSA in a subsequent annual period or, if approved, in the Company's base rates.

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	Calendar Year	Annual Limit¶
1	\$750,000¶	
2	\$500,000¶	
3 and thereafter ¹	\$500,000	
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PSA CHARGES

The Pipeline Safety Adjustment shall be applied to each therm of metered gas usage each month. The current PSAs by Rate Schedule are set forth below:

Rate Schedule	PSA (\$per Therm)	Allocation Percentage ²
110	\$0.0050	67.1635%
120/125/129/145	\$0.0028	21.9207%
160	\$0.0009	8.0013%
170	\$0.0002	2.9145%

1 The settlement agreement and Commission order in Cause No. 43112 that continues the PSA provides for a comprehensive review of the operation of the PSA after the March 31, 2010 PSA filing.

2 The allocation percentage is effective with the Commission order in Cause No. 43112.

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APPENDIX I

ENERGY EFFICIENCY RIDER

APPLICABILITY

The Energy Efficiency Rider shall be applicable to all Customers served under the following Rate Schedules:

- Rate 110 – Residential Sales Service
- Rate 120 – General Sales Service
- Rate 125 – School Transportation Service

DESCRIPTION

The Energy Efficiency Rider shall be the sum of the following two components as described below, for each applicable Rate Schedule:

- (1) Energy Efficiency Funding Component (EEFC)
- (2) Sales Reconciliation Component (SRC)

Energy Efficiency Funding Component (EEFC):

The EEFC shall recover the costs of funding energy efficiency efforts throughout Company's Service Area. These efforts may include, among others, energy efficiency programs, customer education programs and weatherization programs designed to benefit Customers under the applicable Rate Schedules.

The estimated annual costs, plus related revenue taxes, shall be divided by projected sales volumes to determine the applicable EEFC. The actual costs recoverable and the actual costs recovered under the EEFC shall be reconciled, with any under or over recovery being recovered or returned via the EEFC over a subsequent twelve month period.

Sales Reconciliation Component (SRC):

The SRC shall recover eighty-five (85) percent of the differences between Actual Margins and Adjusted Order Granted Margins for the applicable Rate Schedules. The SRC shall not become effective until new base rates are approved.

Actual Margins are defined as monthly margins for each Rate Schedule, prior to the SRC adjustment. Adjusted Order Granted Margins are defined as the order granted monthly margins for each Rate Schedule as approved in Company's most recent general rate case as adjusted to reflect the change in number of customers from the order granted levels. To reflect the change in number of customers, order granted margin per customer is multiplied by the change in the number of customers since the like month during the test year, with the product being added to the order granted margins for such month.

Company shall defer eighty-five (85) percent of the calculated differences between Actual Margins and Adjusted Order Granted Margins for subsequent return or recovery via the SRC. Annually, Company shall reflect in a revised SRC the accumulated monthly margin differences.

The accumulated monthly margin differences for each Rate Schedule shall be divided by projected sales volumes for each Rate Schedule to determine the applicable SRC. Projected and actual recoveries by Rate Schedule under the SRC are reconciled, with any under or over recovery being recovered or returned over a subsequent twelve month period.

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Effective:

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APPENDIX I **ENERGY EFFICIENCY RIDER**

ENERGY EFFICIENCY RIDER RATE

The applicable Energy Efficiency Rider Rate (the sum of the EEFC and SRC) shall be applied to each therm of metered gas usage each month.

<u>Rate Schedule</u>	(A) <u>Energy Efficiency</u> <u>Funding Component</u>	(B) <u>Sales Reconciliation</u> <u>Component</u>	(A) + (B) <u>Energy Efficiency</u> <u>Rider Rate</u>
110	\$0.00640	\$0.00000	\$0.00640
120/125	\$0.00640	\$0.00000	\$0.00640

All rates are given in \$/therm

Deleted: December 1, 2006

Effective:

APPENDIX J

SCHOOL NOMINATION AND BALANCING PROVISIONS

APPLICABILITY

The following Provisions shall apply to School Suppliers under Rate 185.

DAILY SCHEDULING OF DIRECTED DELIVERY QUANTITIES:

By 10:00 a.m. Central Clock Time (CCT), Company will post on its EBB, School Supplier's DDQ by Pool for the gas day beginning 9:00 a.m. CCT the following day. Such DDQ shall be the sum of: 1) the Expected Demand of School Supplier's Pool for that gas day calculated using the Pool's demand equation and forecasted weather plus an Unaccounted For Gas Percentage as set forth in Appendix F; and 2) any necessary adjustments for interstate pipeline and/or Company operating constraints, system knowledge and experience, and/or prior imbalances associated with the periodic volume reconciliations. The DDQ will be stated in city gate Dekatherms. At the time of posting the DDQ, Company shall indicate the minimum, maximum or exact volume that shall be delivered by Supplier on each interstate pipeline or to each Company city gate to achieve the DDQ, and shall post any interstate pipeline and/or Company operating constraints that are expected to be in effect the following day(s). By 11:30 a.m. CCT each day, and via intra-day nominations thereafter, Supplier shall nominate to the Company via the Company's EBB the quantity of gas that it has scheduled for delivery at Company's city gate(s) for its Pool(s) for the following gas day. Supplier agrees to adhere to comply with any Company operating and/or interstate pipeline restrictions communicated by Company.

Effective:

APPENDIX J

SCHOOL NOMINATION AND BALANCING PROVISIONS

BALANCING PROVISIONS

School Supplier shall be obligated to balance its forecasted DDQ with the total daily deliveries of School Supplier-Delivered Gas. An Imbalance Quantity shall exist when the School Supplier's DDQ is greater than or less than its total deliveries on a daily basis. Amounts paid by Company to School Supplier in cashing out Imbalance Quantities shall be eligible for recovery in the Gas Cost Adjustment. Amounts received by Company from School Supplier in cashing out Imbalance Quantities shall be credited against gas costs in the Gas Cost Adjustment.

The following definitions shall apply:

Daily Index Price: The Daily Midpoint Prices per Dekatherm reported in Gas Daily, in the table "Daily Price Survey" for delivery to:

- (3) Texas Gas, Zone SL; or
- (4) Chicago City-Gates.

Daily Under-Delivery Charge: The Daily Under-Delivery Charge shall be the highest of the sums of each Daily Index price and the maximum interruptible pipeline transportation rate, including fuel and all surcharges, applicable to each Daily Index Price.

Daily Over-Delivery Charge: The Daily Over-Delivery Charge shall be the lowest of the sums of each Daily Index Price and the firm pipeline transportation commodity rate, including fuel and all surcharges, applicable to each Daily Index Price.

DAILY BALANCING PROVISIONS

School Supplier shall be obligated to balance its Pool DDQ with the aggregated total daily deliveries of School Supplier-Owned Gas by the pipeline ("Total Daily Deliveries"). A Daily Imbalance Quantity shall exist when the School Supplier's Total Daily Deliveries are greater than or less than the DDQ.

Daily Under-Delivery Imbalance:

During a Cold Weather OFO, these provisions will be replaced by those specified in the section entitled Operational Flow Orders.

If School Supplier's Total Daily Deliveries are less than its DDQ, the gas shortfall shall be considered Daily Under-Delivery Imbalance Quantities. School Supplier shall pay Company for Daily Under-Delivery Gas Quantities of Total Daily Usage pursuant to the following:

- (1) the Daily Under-Delivery Charge for each Dekatherm of Under-Delivery Imbalance Quantity; plus
- (2) DDQ non-compliance charge of \$1.00 per Dekatherm; plus
- (3) All other charges incurred by Company and attributable to School Supplier's Daily Under-Delivery Imbalance Quantity, including pipeline penalty charges; plus
- (4) Applicable taxes.

Daily Over-Delivery Imbalance:

During a Warm Weather OFO, these provisions will be replaced by those specified in the section entitled Operational Flow Orders.

If School Supplier's Total Daily Deliveries are greater than its DDQ, the excess gas shall be considered Daily Over-Delivery Imbalance Quantities. Company shall pay School Supplier for each Dth of Daily Over-Delivery Gas Quantities the Daily Over-Delivery Charge.

Effective:

APPENDIX J

SCHOOL NOMINATION AND BALANCING PROVISIONS

School Supplier shall pay Company for Daily Over-Delivery Gas Quantities pursuant to the following:

- (1) the DDQ non-compliance charge of \$1.00 per Dekatherm; plus
- (2) All other charges incurred by Company and attributable to School Supplier's Daily Over-Delivery Imbalance Quantity, including pipeline penalty charges; plus
- (3) Applicable taxes.

OPERATIONAL FLOW ORDERS

School Supplier is obligated, when requested by the Company through an Operational Flow Order ("OFO"), to nominate and deliver gas supply to the Company's city gates in the manner instructed by the Company. Company may call a Cold Weather OFO or a Warm Weather OFO where such action is necessary, in the Company's sole judgment, to (1) protect the reliability of Company's gas system; (2) comply with Company's Curtailment Procedures in the General Terms and Conditions Applicable to Gas Service, and/or (3) adhere to the various interstate pipeline companies' balancing requirements, as stated in their FERC-approved tariffs.

Cold Weather OFO Day: During a Cold Weather OFO, the School Supplier shall be subject to the following Daily OFO Under-Delivery Imbalance provisions:

When School Supplier has a Daily Under-Delivery Imbalance School Supplier shall pay Company the following:

- (1) For each Dekatherm of Daily Under-Delivery Imbalance Quantity the higher of the highest incremental gas cost paid by Company on the date of noncompliance or the Daily Under-Delivery Charge; plus
- (2) OFO Non-Compliance Charge of \$10.00 per Dekatherm; plus
- (3) All other charges incurred by Company and attributable to School Supplier's Daily Under-Delivery Imbalance Quantity, including pipeline penalty charges on the OFO shortfall quantities; plus
- (4) Applicable taxes.

Warm Weather OFO Day: During a Warm Weather OFO, the School Supplier shall be subject to the following Daily OFO Over-Delivery Imbalance provisions:

When a School Supplier has a Daily Over-Delivery Imbalance the Company shall pay School Supplier for each Dekatherm of Daily Over-Delivery Imbalance Quantity the lower of the lowest incremental gas cost paid by Company on the date of noncompliance or the Daily Over-Delivery Charge.

School Supplier shall pay Company for Daily Over-Delivery Quantities pursuant to the following:

- (1) OFO Non-Compliance Charge of \$10.00 per Dekatherm; plus
- (2) All charges incurred by Company and attributable to the School Supplier's Daily Over-Delivery Imbalance Quantity; including pipeline penalty charges on the OFO excess quantities; plus
- (3) Applicable taxes.

Effective:

APPENDIX J

SCHOOL NOMINATION AND BALANCING PROVISIONS

IMBALANCE TRADING

School Supplier may trade daily imbalance quantities with other School Suppliers to reduce or eliminate its imbalances. Imbalance Trading is subject to the following Terms and Conditions:

- (1) Daily Imbalances incurred during Operational Flow Order periods are not eligible for trading.
- (2) The schedule for the trading of imbalances shall be as follows:
 - a. Company shall issue an initial statement of monthly imbalances (i.e. prior to imbalance trades) to School Supplier.
 - b. School Supplier shall complete and submit its monthly imbalance trades to Company within two (2) business days following the issuance of the initial imbalance statement.
 - c. Company shall issue a final imbalance statement of monthly imbalances to School Supplier within three (3) business days following the close of imbalance trading.
- (3) The quantity eligible for trading is 100% of the calculated pre-trade daily imbalance quantities. School Supplier may not trade to establish an imbalance in the opposite direction of the original imbalance.
- (4) Any City-gate Non-Compliance volumes will not be changed due to trading of imbalances, and will be subject to the City-Gate Non-Compliance Charge.
- (5) Company will bill both parties to an Imbalance Trade a \$10.00 Imbalance Trading Charge for each transaction. For purposes of this charge, a transaction is each transfer of gas imbalance on a specific gas day pursuant to an arrangement by, or between, School Supplier(s) to purchase, sell, or trade gas imbalances.
- (6) Any dollar payments, receipts, or exchanges of other consideration agreed upon between the parties to an Imbalance Trading transaction are outside the scope of this Tariff for Gas Service and must be completed between the parties themselves.
- (7) Trading of imbalances will not be permitted across operational systems or Gas Transportation Programs.

VOLUME RECONCILIATIONS

Annual Reconciliation:

Company will identify imbalances on an annual basis for each School Supplier's Pool through calculating the difference between the Pool's Delivered Supplies and its Pool's Usage. Calculation of imbalances will be based on Supplier's monthly deliveries to its Pool reduced by the Unaccounted For Gas Percentage as set forth in Appendix F and compared to the Pool's total usage.

School Supplier will eliminate any annual imbalances via either:

- (1) payment from Company for Over-Delivery Imbalance Quantities, or
- (2) payment from School Supplier for Under-Delivery Imbalance Quantities

at the "Weighted Average Imbalance Price" calculated based on

- (1) School Supplier deliveries; and
- (2) the arithmetic average of the "Monthly Contract Index" prices published as reported by Inside FERC's Gas Market Report in the table "Prices of Spot Gas Deliveries to Pipelines" for the applicable months during the period of delivery to:

- (1) Texas Gas Transmission Corp., Zone SL; or
- (2) Upper Midwest, Chicago City-Gates,

inclusive of firm pipeline transportation commodity rate, fuel and all surcharges, and adjusted for the necessary taxes.

Effective:

APPENDIX J

SCHOOL NOMINATION AND BALANCING PROVISIONS

WAIVER OF CHARGES

In its reasonable discretion, on a case-by-case basis, Company may waive all or part of any Charge assessable to School Supplier pursuant to this Appendix J, provided, however, that the waiver of such Charge shall be exercised on a non-discriminatory basis. Requests for waivers, showing justifiable cause, must be submitted in writing to Company.

Effective:

RIDER ED ECONOMIC DEVELOPMENT RIDER

AVAILABILITY

This Rider shall be available throughout Company's Service Area, subject to the availability of adequate facilities and gas supplies, which determinations shall be within Company's reasonable discretion.

APPLICABILITY

The Economic Development Rider is applicable to any new Non-Residential Customer who occupies a new or existing establishment, and to any existing Non-Residential Customer who expands an existing establishment, who:

1. Receives service under Rate 145 or 160.
2. Makes application to Company for service under this Rider.
3. Uses at least 5,000 Dth per year at a single location.
4. Has applied for and received economic assistance from State or local government or other public agency, and either:
5. Adds 25 incremental full-time employees to its workforce at the same location, or
6. Makes an incremental capital investment of at least one million dollars (\$1,000,000) at the same location.

For new Customers, application for service hereunder must be made at the time of initial application for gas service.

This Rider is not available:

1. To a Customer who is a "new" Customer as a result of a change in ownership of an existing establishment, or
2. For renewal of service following service interruptions related to, but not limited to, equipment failure, temporary plant shutdown, work stoppage, or economic conditions.

EVIDENCE OF CONTINUING APPLICABILITY

Customer shall make available to Company, at its reasonable request, evidence of full-time employment levels and capital investments used as the basis for applicability for receiving service hereunder.

RATES AND CHARGES

Customer receiving service under this Rider:

1. Shall be billed 50% of the Distribution Charge due per month under the applicable Rate Schedule for all "incremental volumes" (defined below), for a period of twenty-four (24) consecutive months.
2. Shall designate the date on which the 50% reduction applicable to Distribution Charges on incremental volumes shall commence, said date not to be later than twelve (12) months after Company's approval of Customer's application.
3. Shall continue to be billed the full amount of all other Monthly Rates and Charges applicable to the Rate Schedule under which Customer is receiving service.
4. Shall resume being billed the full Monthly Rates and Charges under the applicable Rate Schedule after receiving service under this Rider for twenty-four (24) months.

Effective:

RIDER ED ECONOMIC DEVELOPMENT RIDER

INCREMENTAL VOLUMES

1. For new Customers, "incremental volumes" are defined as all volumes, subject to Customer having met the 5,000 Dth per year minimum threshold.
2. For existing Customers, "incremental volumes" must be at least 5,000 Dth per year, and will be determined by Company, giving consideration to Customer's historical usage.

CONTRACT

Upon approval of application by Company, Customer must enter into a Contract under this Rider. The Contract shall also include such other terms and conditions which Company determines in its reasonable discretion to be necessary or advisable in connection with offering service under this Rider, including, but not limited to, the requirement for Customer to pay to Company the difference between the total charges under this Rider and the otherwise applicable Rate Schedule charges if during the term of the Contract Customer fails to meet the employment additions / retentions specified at the beginning of the service relationship.

Establishments for which a change in ownership occurs after Customer enters into a Contract under this Rider shall continue to receive service hereunder for the balance of the term of the Contract, as long as all other conditions of the Contract and this Rider are upheld by Customer.

Company reserves the right to immediately terminate service under this Rider, if Company determines that Customer has failed to comply with the terms of Applicability at any time during the term of the Contract.

EXPIRATION

This Rider shall expire on December 31, 2012. Customers making application for service hereunder prior to this date shall be eligible for the full twenty-four (24) months of Distribution Charge discount described herein.

Effective:

RIDER AD **AREA DEVELOPMENT RIDER**

AVAILABILITY

This Rider shall be available throughout Company's Service Area, subject to the availability of adequate facilities and gas supplies, which determinations shall be within Company's reasonable discretion.

APPLICABILITY

The Area Development Rider is applicable to any Non-Residential Customer who:

1. Receives service under Rate 145 or 160,
2. Makes application to Company for service under this Rider,
3. Uses at least 5,000 Dth per year at this single location, and
4. Qualifies for one of the following area development categories:

Urban Redevelopment: Any new Customer who locates in an existing building of 25,000 square feet or more, which has been unoccupied and/or remained dormant for a period of two (2) years or more, as determined by the Company, or

Brownfield Redevelopment: Any Customer who locates a new or existing establishment in a designated Brownfield Redevelopment Area (as defined by Indiana or Federal Law), or

Economic Development Zone: Any new Customer who locates in a new or existing establishment or any existing Customer who expands an existing establishment, in a designated Urban Enterprise Zone, Airport Development Zone, Certified Technology Park, or other similarly designated zone, and either (1) adds at least 15 incremental full-time employees to its workforce at the same location, or (2) makes an incremental capital investment of at least five hundred thousand dollars (\$500,000) at the same location. Employment additions and capital investments must occur within a reasonable period following Company's approval of the Contract.

For new Customers, application for service under this Rider must be made at the time of initial application for Gas Service.

This Rider is not available:

1. To a Customer who is a "new" Customer as a result of a change in ownership of an existing establishment, or
2. For renewal of service following service interruptions related to, but not limited to, equipment failure, temporary plant shutdown, work stoppage, or economic conditions.

EVIDENCE OF CONTINUING APPLICABILITY

Customer shall make available to Company, at its reasonable request and as applicable, evidence of full-time employment levels and capital investments used as the basis for applicability for receiving service hereunder.

Effective:

RIDER AD AREA DEVELOPMENT RIDER

RATES AND CHARGES

Customer receiving service under this Rider:

1. Shall be billed the full Monthly Rates and Charges under the applicable Rate Schedule for all "incremental volumes" (defined below), for a period of sixty (60) consecutive months, except that the applicable Rate Schedule Distribution Charge, exclusive of any charges from applicable Appendices or Riders, shall be discounted as follows:
 - a. For the first 12-month period, the Distribution Charge will be discounted by 50% per month;
 - b. For the second 12-month period, the Distribution Charge will be discounted by 40% per month;
 - c. For the third 12-month period, the Distribution Charge will be discounted by 30% per month;
 - d. For the fourth 12-month period, the Distribution Charge will be discounted by 20% per month;
 - e. For the fifth 12-month period, the Distribution Charge will be discounted by 10% per month.
2. Shall resume being billed the full Monthly Rates and Charges under the applicable Rate Schedule after receiving service under this Rider for sixty (60) months.
3. Shall designate the date on which the discount applicable to Distribution Charges on incremental volumes shall commence, said date not to be later than twelve (12) months after Company's approval of Customer's application.

INCREMENTAL VOLUMES

1. For new Customers, "incremental volumes" are defined as all volumes, subject to Customer having met the 5,000 Dth per year minimum threshold.
2. For existing Customers, "incremental volumes" must be at least 2,500 Dth per year, and will be determined by Company, giving consideration to Customer's historical usage.

CONTRACT

Upon approval of application by Company, Customer must enter into a Contract under this Rider. The Contract shall also include such other terms and conditions which Company determines in its reasonable discretion to be necessary or advisable in connection with offering service under this Rider, including, but not limited to, the requirement for Customer to pay to Company the difference between the total charges under this Rider and the otherwise applicable Rate Schedule charges if during the term of the Contract Customer fails to meet the employment additions / retentions specified at the beginning of the service relationship.

Establishments for which a change in ownership occurs after Customer enters into a Contract under this Rider shall continue to receive service hereunder for the balance of the term of the Contract, as long as all other conditions of the Contract and this Rider are upheld by Customer.

Company reserves the right to immediately terminate service under this Rider, if Company determines that Customer has failed to comply with the terms of Applicability at any time during the term of the Contract.

EXPIRATION

This Rider shall expire on December 31, 2012. Customers making application for service hereunder prior to this date shall be eligible for the full sixty (60) months of Distribution Charge discount described herein.

Effective:

GENERAL TERMS AND CONDITIONS **APPLICABLE TO GAS SERVICE**

APPLICABILITY

These Terms and Conditions shall be applicable to Gas Service provided by Company. In the event Company's Terms and Conditions conflict with any Definition, Rate Schedule or Appendix, the Terms and Conditions shall be controlling.

1. APPLICATION OR CONTRACT REQUIRED FOR GAS SERVICE

- A. An application and/or contract, properly executed, may be required from Customer before Company will provide Gas Service, provided, however, that Company shall have the right to reject any application and/or offer of contract for any valid reason.
- B. When Customer's application for Gas Service is accepted by Company, such application and acceptance shall constitute an agreement between Customer and Company.
- C. Company shall determine the availability of Gas Service and the conditions under which Gas Service shall be provided.
- D. Company shall prescribe reasonable terms to be included in the contract between Company and Customer.
- E. If a contract between Company and Customer contains any provision which is contrary to, or becomes contrary to, any Definition, Rate Schedule, Company's Terms and Conditions, the Commission's Regulations, any lawful decision of the Commission or is, or becomes, otherwise not in accordance with valid local, state and/or federal laws, such provision shall be of no force or effect.
- F. In its reasonable discretion, Company may require a long-term contract when unusual construction or equipment expense is necessary to provide Gas Service.
- G. Company may refuse Gas Service or disconnect Gas Service on account of arrearages due for Gas Service furnished to persons formerly receiving service at the Premises as Customer of Company, if the former Customer continues to reside at such Premises.

2. ALL AGREEMENTS TO BE INCORPORATED IN CONTRACT

No promises, agreements or representations of any agent of Company shall be binding upon Company unless the same shall have been incorporated in a written contract before such contract is signed and approved by an authorized agent of Company.

3. ASSIGNMENT OF CONTRACT

The benefits and obligations of any contract for Gas Service shall inure to and be binding upon successors and assigns, and executors or administrators, as the case may be, of the original parties thereto, respectively, for the full-term thereto; provided that no assignment thereof shall be made by Customer without first obtaining Company's prior written consent.

4. DATA ON CUSTOMER'S INSTALLATION

Upon request of Company, Customer shall present in writing to Company a list of the equipment or appliances which are or will be connected to Company's lines, giving the locations on the Premises and the nameplate input ratings of all such equipment or appliances.

5. CONSENT FROM COMPANY BEFORE INCREASING LOAD

Commercial and Industrial Customers shall not install gas equipment of any kind or otherwise increase the demand for Gas Service beyond existing contractual limits or facilities capabilities except upon prior written consent from Company.

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GENERAL TERMS AND CONDITIONS **APPLICABLE TO GAS SERVICE**

6. EXTENSION OF COMPANY'S FACILITIES

- A. The obligation of Company to provide any extension of facilities shall be subject to the Restrictions and Curtailments of Gas Service made effective pursuant to other provisions of Company's Terms and Conditions and as otherwise provided by law.
- B. Upon request for Gas Service by a prospective Customer or a group of prospective Customers located in the same area, Company will extend without charge its facilities including distribution mains, underground service pipes, meters and other equipment necessary to provide the service provided:

- 1) that Company's estimate of its Non-Gas Cost revenue from such Gas Services provided to the prospective Customer(s) for a period of five and one-half (5.5) years is equivalent to or in excess of Company's estimate of the cost of providing such facilities, and;
- 2) the prospective patronage or demand is of such permanency as to warrant the capital expenditure involved.

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- C. If the cost of the facilities necessary to provide the Gas Service requested exceeds the without-charge limit; Company may require either a deposit or adequate provision of the payment of a deposit equal to the cost of the facilities extension in excess of the without-charge limit.

- D. Any refundable extension deposit accepted by Company shall be subject to refund until the expiration of the six-year contract period. For each Customer connected to the extension, Company shall refund an amount by which five and one-half (5.5) times the estimated annual Non-Gas Cost Revenue for gas appliances actually installed exceeds the estimated cost of connecting such Customer. At no time shall the aggregate refund made to any depositor exceed the amount of extension deposit received from such depositor.

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- E. Upon request for Gas Service by a prospective Customer where, in Company's opinion, the facilities extension is of such length and the prospective revenue which may be developed by it is so meager as to make it doubtful whether the revenue from the extension would ever pay a fair return on the investment involved, or in the case of a real estate development with slight or no immediate demand for service, or in the case of Industrial installations requiring slight or irregular service and requiring extensive equipment, such facilities extension requests shall be submitted to the Commission for investigation and determination as to the convenience and necessity of such extension, and if so required, the conditions under which they shall be made.

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Effective:

GENERAL TERMS AND CONDITIONS **APPLICABLE TO GAS SERVICE**

7. COMPANY'S SERVICES, METERS AND APPURTENANCES

- A. Company shall locate the point to which the service connection will be made, and subject to other provisions of Company's Terms and Conditions, shall furnish, install and maintain all piping up to the inlet of the meter.
- B. Customer shall provide, at no expense to Company, a suitable route for the service line and a place near the service entrance, acceptable to Company, for the meter or meters and any necessary appurtenant devices which may be provided by Company.
- C. Customer shall allow Company the necessary easements or consents authorizing the installation and maintenance, on, over and through Customer's private property, of all piping, meters or allied equipment as may be necessary or convenient for providing Gas Service to Customer, either by Customer's agreement to abide by Company's Terms and Conditions, or execution of Company-Supplied forms for such specific easements.
- D. All Gas Service provided by Company shall be measured by a meter or meters installed and maintained by Company in accordance with the Commission's Regulations.
- E. Customer may be required to contribute to part or all of the costs of such facilities including applicable taxes.

8. CUSTOMER'S RESPONSIBILITY FOR COST OF FACILITIES MODIFICATIONS

If Customer either by request or by action requires that Company's facilities be redesigned, re-engineered, relocated, removed, modified, or reinstalled, Company may require Customer to make payment to it of the full cost of performing such facilities modifications including any applicable taxes.

9. COMPANY PROPERTY AND PROTECTION THEREOF

All meters and other equipment furnished by and at the expense of Company which may at any time be on or in Customer's Premises, shall, unless otherwise expressly provided, be and remain the property of Company, and Customer shall protect such property from loss or damage, and nobody except authorized agents of Company, shall be permitted to remove, change or adjust such property.

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Effective:

GENERAL TERMS AND CONDITIONS **APPLICABLE TO GAS SERVICE**

10. CUSTOMER'S PIPING, APPLIANCES AND EQUIPMENT

- A. Customer shall furnish, install and maintain all necessary piping beyond the outlet side of the meter and the appliances and equipment connected to such piping, in accordance with applicable state and local codes, regulations and/or requirements and in accordance with Company's Terms and Conditions.
- B. It shall not be the duty of Company to inspect Customer's piping, appliances or equipment.
- C. Company reserves the right to refuse to provide Gas Service when conditions are believed to be dangerous, hazardous, or otherwise unacceptable in the judgment of Company, although Company is under no duty to make such a judgment.
- D. Except as authorized by Company, no Gas Service other than that being provided by Company shall be used on the same installation as is used for the service supplied by Company.

11. ACCESS TO CUSTOMER'S PREMISES

Authorized agents of Company shall have access to Customer's Premises at all reasonable times for the purpose of:

- A. Turning on or shutting off, reading, inspecting, testing, repairing, or replacing the meter or meters or other equipment used in providing Gas Service and for removing the same upon the termination of the contract and/or discontinuance of Gas Service;
- B. Determining the compliance of Customer with the applicable Rate Schedule and Appendices, contract with the Company, Company's Terms and Conditions, or the Commission's Regulations; and
- C. Accessing Customer's gas appliances to re-light or turn off pilot lights.

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Effective:

GENERAL TERMS AND CONDITIONS **APPLICABLE TO GAS SERVICE**

12. PREDICATION OF RATE SCHEDULES

- A. Company's Rate Schedules are predicated upon one type of Gas Service being provided separately to Customer at a single Premises.
- B. The combining through one meter of Gas Services under two or more Rate Schedules or to two or more Premises shall not be permitted.

13. CUSTOMER'S SELECTION OF RATE SCHEDULE

- A. When more than one Rate Schedule is applicable to Customer, Customer shall select which Rate Schedule Customer desires, provided that each selection of Rate Schedule shall remain in effect for no less than a twelve-month period.
- B. Company does not guarantee that Customer shall be served under the most favorable Rate Schedule at all times, and no refund shall be made for the difference in charges between the Rate Schedule under which Gas Service has been provided and another applicable Rate Schedule.

14. RESALE OF SERVICE

Gas Service shall not be provided to any Customer for resale in whole or in part, except to a public utility regulated by the Commission or for the express and limited purpose of providing NGV Service. However, Company is under no obligation to provide Gas Service for resale to another public utility.

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Effective:

GENERAL TERMS AND CONDITIONS **APPLICABLE TO GAS SERVICE**

15. METERING

- A. Certain charges for Gas Service provided to Customer shall be calculated based upon the measurement of the meter or meters installed by Company.
- B. Whenever it is determined that an installed meter is not recording within the limits of accuracy as prescribed by the Commission's Regulations, a billing adjustment shall be made in accordance with the Commission's Regulations.
- C. Meters shall be read monthly, or at other intervals as the circumstances may require, at the option of the Company.
- D. For billing purposes, where gas is metered at low pressure (inches of water column), a cubic foot of gas shall be taken to be the amount of gas in a volume of one cubic foot under the conditions existing in Customer's meter as and where installed; provided, however Company may at its option install meters which will compensate for changes in temperature above or below 60° Fahrenheit.
- E. For billing purposes, where gas is metered at higher pressure (psig), the volume of gas measured shall be corrected to correspond to a gas of standard conditions, free of water vapor, at a temperature of 60° Fahrenheit and an absolute pressure of 14.65 pounds per square inch.
- F. When, for the convenience of Company, more than one meter is installed on one Premises for metering Gas Service to Customer under one Rate Schedule, the sum of the measurements of all such meters may be used to render one Bill.
- G. When, for the convenience of Customer, more than one meter is installed on one Premises for metering Gas Service to Customer under one Rate Schedule, separate Bills may be rendered for each meter, at the applicable rates and charges.

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Effective:

GENERAL TERMS AND CONDITIONS **APPLICABLE TO GAS SERVICE**

16. BILLING

- A. Bills for Gas Service shall be rendered monthly. A billing month shall be as near to thirty days as is practicable, but may exceed that period as the circumstances may require.
- B. In order to render monthly Bills, for good cause Company may estimate the monthly usage of gas of any Customer, with appropriate adjustments to be made by Company on the first Bill rendered following the reading of the meter. Good cause includes but is not limited to:
 - 1. request of Customer;
 - 2. inclement weather;
 - 3. labor or union disputes;
 - 4. inaccessibility of Customer's meter if Company has made a reasonable attempt to read the meter, but was unable to;
 - 5. non-monthly meter reading schedule or no meter read on final bill; and
 - 6. other circumstances beyond the reasonable control of the Company, its agents, and employees.
- C. Any Customer who does not desire to receive an estimated Bill may read its meter and communicate the readings to the Company in an appropriate format that will be provided by Company.
- D. The Company offers an optional alternative billing method for eligible Residential and Small Commercial Customers that averages the Customer's estimated bill over an extended period ("Budget Bill"). The Customer's normal monthly Budget Bill amount shall be based on a reasonably accurate estimation of future bills and shall be subject to no more than a single mid-cycle bill adjustment. Year-end Customer actual bill balances in excess of the normal monthly Budget Bill amount shall be rolled into the Customer's next year's normal monthly Budget Bill amounts.

17. PAYMENT OF BILLS

- A. Bills must be paid through a Company authorized method of payment, including mail-in payments, bank drafts (ACH), approved pay sites, electronic check and credit card payments, and electronic funds transfer, as they may change from time to time.
- B. If a Bill payment is not received by Company through an authorized method of payment on or before the gross payment date stated on the Bill, Customer shall be considered delinquent in payment and a late payment charge shall be levied.
- C. The gross payment date shall be at least seventeen days after the Bill is mailed by Company. When such date falls on a Saturday, Sunday, and other legal holiday, or a day Company's office is not open for business, the gross payment date shall be the first business day thereafter.
- D. Failure to receive a Bill shall not entitle Customer to pay the net Bill, if Customer fails to make payment on or before the gross payment date, nor shall it affect the right of Company to discontinue Gas Service for nonpayment of Bill as provided in the Commission's Regulations.

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GENERAL TERMS AND CONDITIONS **APPLICABLE TO GAS SERVICE**

18. DEPOSIT OR ARRANGEMENT TO ENSURE PAYMENT OF BILL

- A. Company may require from a present or prospective Residential Customer a cash deposit when standards of creditworthiness, as set forth in the Commission's Regulations, are not satisfied. The amount of such deposit shall not exceed one-third of the expected annual billing for Gas Service to be furnished to Customer.
- B. Company may require from a present or prospective Commercial or Industrial Customer a cash deposit equal to the sum of estimated billing amounts for Customer's two consecutive months of highest usage. Such deposits may be based on historical or expected usage.
- C. In lieu of a cash deposit, Company may in its reasonable discretion require an alternative security arrangement (e.g., a prepayment which is intended to serve the same purpose as a cash deposit).
- D. Interest will be paid at an interest rate set annually by the Commission, on deposits held more than thirty (30) days, beginning with the date of deposit to the date the deposit is credited to Customer's account.
- E. Deposits for Residential Customers will be credited to Customer's Bill after Customer has established a creditworthy payment record in accordance with standards set forth in the Commission's Regulations. At the request of Customer, the deposit shall be refunded to Customer in lieu of being credited to Customer's Bill.
- F. The deposit of a Residential Customer who does not establish a creditworthy payment record may be retained by Company until Gas Service is discontinued.
- G. The deposit of a Commercial or Industrial Customer may be retained by Company until Gas Service is discontinued.
- H. The deposit, plus accrued interest, if any, may be applied to the final Bill when Gas Service is discontinued. After applying the deposit and interest to the final Bill, any credit balance shall be refunded to Customer. Credit balances less than \$10.00 will not be refunded to Customer unless so requested by Customer.

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GENERAL TERMS AND CONDITIONS **APPLICABLE TO GAS SERVICE**

19. DISCONTINUANCE OF SERVICE AT CUSTOMER'S REQUEST

- A. Whenever Customer desires to have Gas Service discontinued, the Customer shall notify Company at least three working days in advance of the day discontinuance is desired. Customer shall remain responsible for all Gas Service used and the billing rendered therefore, until Gas Service is discontinued pursuant to such notice.
- B. When Customer has entered into a contract with Company to take Gas Service from Company and Customer orders discontinuance of Gas Service before the expiration dates as established in the contract, Customer shall be liable for the payment of all applicable charges for the months remaining in the un-expired period of the contract term. Customer's liability for those charges shall be in addition to any other rights, which Company may have with respect to the contract.

20. DISCONTINUANCE OF SERVICE WITHOUT NOTICE

Company can discontinue Gas Service to Customer without notice for any of the following reasons:

- A. For emergency repairs; or
- B. For lack of sufficient capacity or quantities of gas supply; or
- C. To maintain normal operating pressures; or
- D. If Company's regulators, meters, or other appurtenances or connections thereto have been tampered with and Company has reasonable grounds to believe that the affected Customer is responsible for such tampering; or
- E. If fraudulent or unauthorized use of gas is detected and Company has reasonable grounds to believe the affected Customer is responsible for such use; or
- F. If there exists in Customer's piping or in connection with Customer's gas-using equipment, any condition which, in Company's judgement, is dangerous or hazardous to life, physical safety or property; or
- G. If there exists any other condition which, in Company's judgement, is dangerous or hazardous to life, physical safety or property; or
- H. For any violation of Company's rules pursuant to Rule 28;
- I. For any other lawful reason.

Such discontinuance shall not, however, invalidate any contract and Company shall have the right to enforce any contract, notwithstanding such discontinuance.

Deleted: July 1, 2004

Effective:

GENERAL TERMS AND CONDITIONS **APPLICABLE TO GAS SERVICE**

21. LIMITATIONS OF LIABILITY

- A. Neither Company nor Customer shall be liable to the other for any act, omission or event caused by strikes, acts of God, or unavoidable accidents or contingencies beyond its control.
- B. Company shall not be liable for damages for any failure to supply gas or for an interruption, limitation, or curtailment of Gas Service, whether or not such disruption is ordered by a governmental agency having jurisdiction, if such failure, interruption, limitation, or curtailment is due to the inability of Company to obtain sufficient gas supplies at economical prices from its usual and regular sources or due to any other cause whatsoever other than willful default of Company.
- C. Company shall not be liable for damages caused by defective piping or appliances on Customer's Premises.
- D. Company shall not be liable for damages resulting to Customer or to third persons from the presence or use of gas or the presence of Company's equipment on Customer's Premises, unless due to the willful default or negligence on the part of Company.

22. NOTICE BY COMPANY

- A. Notice by Company to Customer may be given by letter, statement or postcard deposited in the United States mail or private carrier with postage prepaid, or by facsimile, or email, or where written notice is not required, notice may be given by physical note or orally by any authorized agent of Company, either in person or by telephone.
- B. The notice shall be considered given:
 - 1. When actually communicated in the case of oral notice; or
 - 2. When deposited in the United States mail or placed with private carrier when notice is given by letter, statement or postcard; or
 - 3. When sent when notice is given by facsimile; or
 - 4. When a physical note is left at Customer's Premises.

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Effective:

GENERAL TERMS AND CONDITIONS **APPLICABLE TO GAS SERVICE**

23. GAS SERVICE TO MOBILE HOME PARKS

The obligation of Company to provide any extension of facilities shall be subject to the restrictions, limitations and curtailments of service made effective pursuant to other provisions of Company's Terms and Conditions. Subject to the foregoing, Company shall provide Gas Service to a Mobile Home Park ("Park") under the following conditions:

- A. Permanency. The Park shall be of a definite permanent nature and have improved streets, individual water and sewer connections to each lot and each mobile home must rest on a concrete slab.
- B. Size. The Park shall have at least ten or more sites on which mobile homes may be located.
- C. Main Extensions. Main extensions shall be made in accordance with Rule 6 of Company's Rules, but for purposes of Rule 6, each Park Operator shall be considered to be the Customer. Revenue estimates shall be determined by Company based on its knowledge of gas usage of mobile homes, taking in account the number and nature of gas appliances to be used and any other reasonable factors. Each Park Operator shall enter into an extension of facilities contract for construction of gas mains, if the Park does not have enough existing mobile homes equipped with gas appliances to justify a gas main extension under Rule 6.
- D. Easement. The Park Operator shall cause Company to be granted an easement in form and substance satisfactory to Company for the construction, maintenance and operation of Company's gas distribution system, together with the right of free access to read meters and repair or remove Company's services, regulators, meters and any other facilities installed by Company.
- E. Extension and Metering. Company shall upon execution of an extension of facilities contract or work order showing economic feasibility and receipt of a proper easement, construct and maintain the required distribution system to serve the Park. Company shall extend service to each mobile home site to be supplied. The gas riser and the meter for each mobile home site shall be located in the rear one-third section of the site and not less than eighteen (18) inches from the roadside wall of the mobile home, unless a different location is deemed necessary by Company.

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Effective:

GENERAL TERMS AND CONDITIONS **APPLICABLE TO GAS SERVICE**

- F. Fuel Lines. The Park Operator or mobile home Customer shall furnish, install, and maintain all fuel lines beyond Company's meters to the point of connection with the mobile home piping. The fuel lines to individual mobile home sites shall be:
1. Adequately sized to provide minimum pressure drop, but in no case less than ¾" pipe,
 2. Equipped with a terminal shutoff at a point adjacent to the mobile home, and
 3. Connected to the mobile home piping with either a semi-rigid tube or all-metallic flexible connector that shall be looped to prevent strain caused by settling or movement of the mobile home.
- G. Meter Protection. The Park Operator shall provide substantial protection satisfactory to Company for the gas riser and meter so as to minimize the likelihood of damage by moving of the mobile home.
- H. Relocation of Facilities. The Park Operator shall keep the gas distribution system free and clear of any obstruction that will interfere with the maintenance of the system and shall not construct or maintain any structure over Company's distribution mains or services. When there is a change in the Park's operation or construction which, in the judgment of Company, makes the relocation of the gas facilities necessary, or if relocation is requested by the Park, Company will move such facilities at the Park's expense to a location acceptable to Company to be provided by the Park.
- I. Rate Schedule. Gas Service will be supplied and metered separately to each single occupancy dwelling unit and/or such Park facility under the applicable Rate Schedule.

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Effective:

GENERAL TERMS AND CONDITIONS **APPLICABLE TO GAS SERVICE**

24. CURTAILMENT PROCEDURES

When sufficient capacity or quantities of gas are not available to Company to meet existing and reasonably anticipated demands for Gas Service or to protect and replenish Company's underground gas storage reserves, which determinations shall be within Company's reasonable discretion, Company shall have the right to curtail Gas Service within any of its distribution systems so affected in accordance with the provisions of this Rule.

A. **Definitions.** For the purpose of this Rule, the following terms shall have the meanings defined below:

- (1) **Firm Curtailment Customer.** A Firm Curtailment Customer shall mean any Customer whose Average Daily Throughput in any billing month during or subsequent to the Base Period exceeds 1,000 therms.
- (2) **Average Daily Throughput.** The Average Daily Throughput for any Base Period billing month shall be the Firm Curtailment Customer's metered Throughput during such month divided by the number of days in the month.
- (3) **Base Period.** The Base Period is any twelve consecutive billing months as established by Company.
- (4) **Normal Monthly Throughput.** The Normal Monthly Throughput shall be the Firm Curtailment Customer's metered Throughput during each billing month of the Base Period. These quantities may be adjusted by Company for unusual circumstances.
- (5) **Human Needs Customers.** Human Needs Customers shall include hospitals, medical centers, nursing homes, and other Customers as determined by Company, whose Curtailment could adversely affect public health or safety.
- (6) **Gas Supply Curtailment.** Curtailment resulting from insufficient quantities of Company-supplied gas to meet the existing and reasonably anticipated demands of Company's Sales Customers, temporarily-supplied School Suppliers' Pool Customers, or to protect and replenish Company's gas storage reserves.
- (7) **Capacity Curtailment.** Curtailment resulting from insufficient distribution system capacity to supply Gas Services to Company's Gas Service Customers.
- (8) **Plant Protection Level** - The minimum quantity of Gas Service for Firm Curtailment Customers required by Customer to prevent endangering the health or safety of personnel, or to prevent extensive damage to Customer's facilities, equipment, or other property. This includes the protection of such material currently in process at the time a Curtailment is called which would otherwise be destroyed, but shall not include Gas Service required to maintain plant production.

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GENERAL TERMS AND CONDITIONS **APPLICABLE TO GAS SERVICE**

- B. **Curtailment Sequences.** Company shall have the right to curtail Gas Service to its Customers according to the following sequences. Such Curtailment shall be effective as of the date and time specified in the notice to Customer. When necessary in the sole opinion of Company, Gas Service shall be maintained to Human Needs Customers or other Customers who would otherwise be curtailed, to the extent necessary and practicable under the circumstances.

B1. Gas Supply Curtailment Sequence.

- (1) First, Rate ~~145, 160 and 170~~ Non-Pooling Transportation Customers and Pool Operators' and School Suppliers' Pools (under Rate Schedules 180 and 185) shall be subject to the Cold Weather OFO in Appendix E and Appendix J as applicable.

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- (2) Next, as determined by Company, all Firm Curtailment Customers' purchases of Company-supplied gas shall be limited to either:

- (a) their respective Average Daily Throughput each day over any portion of the billing month, or
- (b) their respective Normal Monthly Throughput.

- (3) Next, as determined by Company, all Firm Curtailment Customers' purchases of Company-supplied gas shall be curtailed prorata, either:

- (a) on a daily basis for any period specified by Company by application of a uniform percentage curtailment to their respective Average Daily Throughput, or
- (b) on a billing month basis by application of a uniform percentage curtailment to their respective Normal Monthly Throughput.

At this point in the Curtailment sequence, Firm Curtailment Customers Purchasing Company-Supplied Gas shall not be curtailed to a daily quantity less than their respective Plant Protection Levels.

- (4) Next, all Firm Curtailment Customers' purchases of Company-supplied gas shall be curtailed to a daily quantity equal to their respective Plant Protection Levels.

- (5) Next, Rate ~~145, 160 and 170~~ Non-Pooling Transportation Customers transportation gas quantities on Company's system shall be limited to Customers' respective Plant Protection Levels, and the remainder of their delivered supply shall be diverted to use for Company Supply.

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- (6) In the event further Curtailment is required to maintain Gas Service, Company shall be entitled to curtail or interrupt Gas Service to any Customer.

- (7) Compensation for the diversion of Customers' transportation gas quantities as provided for in Rules 24(B1)(5), for each Dekatherm of diverted gas each day will be in the amount of:

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GENERAL TERMS AND CONDITIONS **APPLICABLE TO GAS SERVICE**

- (a) The applicable Daily Midpoint Price per Dekatherm as reported in Gas Daily in the table "Daily Price Survey", for delivery to:
 - 1) Texas Gas, Zone SL, or
 - 2) Chicago City-Gates, plus
- (b) the maximum interruptible transportation rate, including all applicable surcharges, for the applicable pipeline delivering the diverted gas to Company's system; plus
- (c) The average premium paid by the Company (stated on a per dekatherm basis) to firm gas suppliers.

Such gas costs shall be recoverable by Company through the Gas Cost Adjustment.

B2. Capacity Curtailment Sequence.

- (1) First, Rate ~~145, 160 and 170~~ Non-Pooling Transportation Customers and Pool Operators' and School Suppliers' Pools (under Rate Schedules 180 and 185) shall be subject to the Cold Weather OFO in Appendix E and Appendix J as applicable. Deleted: 120,
- (2) Next, as determined by Company, all Firm Curtailment Customers' transportation quantities or purchases of Company-supplied gas, as applicable, shall be limited to either:
 - (a) their respective Average Daily Throughput each day over any portion of the billing month, or
 - (b) their respective Normal Monthly Throughput.
- (3) Next, as determined by Company, all Firm Curtailment Customers' transportation quantities or purchases of Company-supplied gas, as applicable, shall be curtailed prorata, either:
 - (a) on a daily basis for any period specified by Company by application of a uniform percentage curtailment to their respective Daily Throughput, or
 - (b) on a billing month basis by application of a uniform percentage curtailment to their respective Normal Monthly Throughput.

At this point in the Curtailment sequence, a Firm Curtailment Customer shall not be curtailed to a daily quantity less than its Plant Protection Level.

- (4) Next, all Firm Curtailment Customers shall be curtailed to their respective Plant Protection Levels.
- (5) In the event further Curtailment is required to maintain Gas Service, Company shall be entitled to curtail or interrupt deliveries of Gas Service to any Customer.

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GENERAL TERMS AND CONDITIONS **APPLICABLE TO GAS SERVICE**

C. Curtailment Notification.

- (1) Company shall give notification of Curtailment in the most effective manner possible and as much in advance as reasonably possible with regard to the existing circumstances and the number of Customers to be notified.
- (2) If reasonably possible, Firm Curtailment Customers shall be given seven days advance notice of any Curtailment.
- (3) In the event of Curtailment of Firm Curtailment Customers, Company shall provide notice to each Firm Curtailment Customer of its Normal Monthly Throughput and Average Daily Throughput.

D. Lifting of Curtailment. Any Curtailment shall be lifted in reverse order of the Curtailment Sequence.

E. Unauthorized Gas Usage.

- (1) **Assessment of Unauthorized Gas Usage Charge.** When a Curtailment is in effect pursuant to the provisions of paragraph B of this Rule, gas usage by Customer in excess of the quantity permitted for such Customer shall constitute Unauthorized Gas Usage and shall be subject to the Unauthorized Gas Usage Charge set forth in Appendix C.
- (2) During the Curtailment period, Customer shall have no entitlement to Unauthorized Gas Usage. In the event Customer continues Unauthorized Gas Usage, Company may, in its sole discretion, discontinue Gas Service to Customer. The assessment of the Unauthorized Gas Usage Charge and the exercise of the right to discontinue Gas Service by Company shall be in addition to any other rights Company may have with respect to Customer's Unauthorized Gas Usage.

25. RESTRICTIONS ON NEW AND ADDITIONAL GAS SERVICE

- A. The Company reserves the right to:
 - (1) to restrict the extension of mains, the installation of service lines and/or the addition of new Customers for any class of service, and/or
 - (2) to restrict the annual, seasonal or monthly volume and/or maximum hourly take of said Customers in keeping with available gas supply and system capacity.
- B. Company may exercise such restrictions within its reasonable discretion:
 - (1) To ensure the provision of safe, adequate and reliable service to existing Customers.
 - (2) On a temporary basis until Company is able to complete an engineering analysis; or
 - (3) For any other valid reason to protect system integrity.

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GENERAL TERMS AND CONDITIONS **APPLICABLE TO GAS SERVICE**

26. SERVICE CONTRACTS

- A. Customer may contract with Company to provide Contract service not specifically contained within this Tariff for Gas Service. Such contract services may include, but not limited to:
 - 1. maintenance of Customer-Owned gas facilities,
 - 2. installation of gas facilities on Customer's Premises, and
 - 3. engineering/construction related services.
- B. Customer and Company shall enter into a contract specifying the terms and conditions under which such contract services shall be provided.
- C. The cost of providing such contract services shall be based on a methodology similar to that used by Company to establish costs of providing similar services under this Tariff for Gas Service, including applicable administrative and overhead charges.
- D. The terms of payment for such contract services shall be mutually agreed to by Customer and Company. The payment of such services may appear as a separate item on Customer's bill for Gas Service.
- E. Contracting for services under this Rule will in no way affect Customer's and Company's respective obligations regarding the rendering of and payment for Gas Service under this Tariff for Gas Service and the applicable Rate Schedule and Appendices.

27. FRAUDULENT USE OF GAS

When the Company detects fraudulent or unapproved use of gas, or the Company's regulation, measuring equipment or other service facilities have been tampered with, the Company may reasonably assume that the Customer or other user has benefited by such fraudulent or unapproved use of such tampering. The Customer or other user shall be responsible for payment of the reasonable cost of the Gas Service used during the periods such fraudulent or unapproved or tampering occurred or is reasonably assumed to have occurred and for the cost of field calls, investigation and the cost of effecting repairs necessitated by such use and/or tampering. The Company may assess a Fraudulent Gas Usage Charge as set forth in Appendix C per occurrence for such field calls and repairs. Under such circumstances the Company may, subject to any provision of Commission Rule 16 to the contrary, disconnect service without notice and the Company is not required to reconnect the service until a deposit and all the above enumerated charges are paid in full. All Statutory penalties shall be fixed by court of competent jurisdiction or by agreement between the Company and the Customer.

28. VIOLATION OF RULES

Company may discontinue Gas Service upon violation by any Customer of any of Company's rules or regulations of which these General Terms and Condition are a part, by giving seven days' written notice mailed to such Customer at his address shown upon the Company's records, advising the Customer in what particular such rule or regulation has been violated, but where fraudulent use of gas is detected or where the Company's regulation or measuring equipment has been tampered with or where a dangerous condition is found to exist on the Customer's Premises, Gas Service may be shut off without notice in advance. The Company shall not be liable for damage of any character caused by or resulting from a violation of these General Terms and Conditions.

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AFFILIATE AND COST ALLOCATION GUIDELINES

AFFILIATE GUIDELINES

The OUCC and Indiana Gas Company, Inc. and/or Southern Indiana Gas and Electric Company ("Utility") (collectively "Parties") have negotiated in connection with Cause No. 41465 the following Affiliate Guidelines to govern the relationships between the Utility and its Affiliates. By agreement, the Guidelines have been modified in connection with Cause No. 37394GCA50S1 ("GCA50"). The Parties agree that these guidelines are intended to be enforced by the IURC, and they shall become effective upon their approval by the IURC. The OUCC and Utility may, through negotiation and agreement, jointly petition the IURC for modifications to these Affiliate Guidelines, in which case they would have the burden of proving any proposed change is in the public interest considering all relevant factors, including, but not limited to, price of service and the impact on competition. If either the OUCC or Utility desires changes to these Affiliate Guidelines and is unable to obtain agreement from the other party for such changes, then the party desiring changes may petition the IURC for the desired changes and bear the burden of proving that such changes are in the public interest. However, such petitions shall not be filed without first attempting to obtain the agreement of the other party. Subject to the following sentence, anyone else seeking a change to these Guidelines may also petition the IURC and would bear the burden of proving that the proposed changes are in the public interest. However, any such petition shall not be filed without the Utility and the OUCC first being notified and given a reasonable opportunity to consider the proposed change. The Commission may also make modifications to these Affiliate Guidelines on its own motion, after notice and hearing.

These Affiliate Guidelines should be read in conjunction with the "Cost Allocation Guidelines" developed by the OUCC and Utility and also approved by the Commission in Cause No. 41465. Subject through March 31, 2007 to the Settlement Agreement and ARP approved in GCA50 and Cause No. 42233, the Affiliate Guidelines and the Cost Allocation Guidelines govern all current and future affiliate relationships between the Utility and its Affiliates, with the limited exception that the Commission may approve an Affiliate contract that differs from these Guidelines if the Utility files a petition requesting an exception from the Guidelines and satisfies its burden to demonstrate that such contract is in the public interest considering all relevant factors, including, but not limited to, price of service and the impact on competition.

One purpose of these Affiliate Guidelines is to establish standards for procurement on competitive terms to govern the Utility's procurement of goods, services, assets, and other utility resources. Such procurement "on competitive terms" (as defined herein) shall be done with the objective of obtaining the best terms available for the Utility and its customers. The only exception to these procurement standards is the provision of "shared corporate support and administrative services" such as corporate treasury services and human resources. These services may be shared with other companies/affiliates with the Vectren organization. The pricing of those services to the Utility shall be based on cost and be in accordance with the Cost Allocation Guidelines. See the definitions section below for a complete definition of "shared corporate support and administrative services".

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AFFILIATE AND COST ALLOCATION GUIDELINES

DEFINITIONS

The definitions below apply to terms used in the Affiliate Guidelines and the Cost Allocation Guidelines.

"Affiliate" "Affiliate" means a person that is an affiliated interest for purposes of I.C. 8-1-2-49 or that is otherwise found to be an "Affiliate" by the Commission or otherwise is an "Affiliate" under Indiana Law.

"Person" "Person" includes the following: (a) individual, (b) corporation, regardless of type or state or country of incorporation, (c) unincorporated association, (d) company, whether limited liability or otherwise, and (e) business trust, estate, partnership, trust, two (2) or more persons having a joint or common economic interest, and any other entity.

"Commission" "Commission" means the Indiana Utility Regulatory Commission.

"IURC" "IURC" means the Indiana Utility Regulatory Commission

"OUCC" "OUCC" means the Indiana Office of Utility Consumer Counselor.

"Holding Company" "Holding Company" means the parent company, Vectren Corporation, or its successor in interest of Indiana Gas Company and/or Southern Indiana Gas and Electric Company.

"Competitive Terms" "Competitive Terms" means the best terms reasonably available in the competitive marketplace at that time (including the terms available from the Utility itself under efficient operation) giving due consideration to both price and non-price terms such as quality and reliability. If the Utility itself can provide the services at the lowest cost with comparable quality and reliability, then that cost shall be considered the "competitive terms."

"Shared Corporate Support and Administrative Services" – Shared Corporate Support and Administrative Services" means the following types of functions/services that the Utility may share with other companies/affiliates within the Vectren organization: (1) accounting and corporate treasury services; (2) human resources; (3) information technology and communications services; (4) corporate directors and officers services; (5) legal services; (6) insurance and claims; (7) billing; (8) customer call center services; (9) facility and fleet management; and (10) environmental services. (See Specific Affiliate Guidelines Section 2, Items J, L and O related to "Shared Corporate Support and Administrative Services.")

"Capital Costs" "Capital Costs" means the costs associated with obtaining the financial capital required to provide physical assets such as office buildings, computers or office equipment.

"Non-Regulated" "Non-Regulated" means not regulated by the Indiana Utility Regulatory Commission (IURC). "Non-Regulated" also applies to products or services over which the IURC has declined its jurisdiction.

"Similarly Situated" "Similarly Situated" means having general characteristics in common such as belonging to the same rate class or operating in the same or similar industries. A utility affiliated gas or power marketer would, for example, be considered similarly situated to other non-affiliated gas or power marketers.

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AFFILIATE AND COST ALLOCATION GUIDELINES

GENERAL AFFILIATE GUIDELINES

- A. **No Cross-Subsidies.** The Utility shall not subsidize Affiliates or non-regulated activities.
- B. **Separation of Regulated and Non-Regulated Operations.** The separation of the Utility's regulated operations from the Holding Company's non-regulated business operations and Affiliates is necessary to prevent potential cross-subsidies. To the maximum extent practicable, the Utility shall separate its regulated operations from its own, its Affiliates and its Holding Company's non-regulated operations. Instances where such separation does not exist must otherwise be in compliance with the Affiliate Guidelines and the Cost Allocation Guidelines.
- C. **No Discrimination.** The Utility shall not discriminate in favor of or otherwise give preferential treatment to its Affiliates, its Affiliates' customers or the Utility's own non-regulated activities.
- D. **Comparability of Service.** The Utility shall provide comparable service to all similarly situated marketers, customers or other entities, regardless of affiliation.
- E. **Procurement on Competitive Terms.** With the exception of "shared corporate support and administrative services" (defined above) the procurement of goods, services, assets and other resources by the Utility shall be on competitive terms, consistent with the public interest and in compliance with these Affiliate Guidelines and the Cost Allocation Guidelines. The Utility may procure services from an Affiliate but such procurement must be done on competitive terms (defined above). The Utility's procurement process shall also comply with General Guideline C above (i.e., No Discrimination). The pricing of "shared corporate support and administrative services" to the Utility shall be based on cost and be in accordance with the Cost Allocation Guidelines.

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SPECIFIC AFFILIATE GUIDELINES

1. Affiliates shall be charged for all costs incurred on their behalf. These costs shall be appropriately and reasonably allocated and shall include, but not be limited to, those associated with shared facilities, general and administrative support services and other corporate overheads.
2. The Utility shall process all similar requests for service in the same manner and within the same reasonable time period for all similarly situated customers, marketers and other entities, regardless of affiliation.
3. The Utility shall not give preference to or discriminate in favor of its Affiliates, its Affiliates customers or its own non-regulated activities in matters including, but not limited to, the allocation, assignment, release, or transfer of rights to intrastate or interstate capacity, use of Utility distribution facilities, storage on system, rights to storage off system or in the sale of gas.
4. The Utility shall not condition or tie any agreement to provide Utility service to any agreement relating to a service to be provided by an Affiliate.
5. To the maximum extent practicable, Utility employees shall function separately and independently from employees of Affiliates and those engaged in non-regulated activities including, but not limited to, gas marketers, power marketers and other service providers.
6. The Utility may not, through tariff or otherwise, give any Affiliate or an Affiliate's customer or any non-regulated activity a preference or an advantage with respect to the transportation of gas including, but not limited to, the movement or delivery of gas on its distribution system, the administration of customer contracts, scheduling, nomination, balancing, metering, storage, standby service, curtailment policy, or billing/invoice disputes.
7. The Utility shall apply tariffs and their provisions and all other aspects of Utility service on a consistent and non-discriminatory basis to all similarly situated marketers, customers, and other entities regardless of affiliation.
8. Any discount or rebate for Utility service offered by the Utility to an Affiliate or an Affiliate's customer shall be offered on a non-discriminatory basis to all similarly situated marketers, customers, or other entities, regardless of affiliations. If the Utility waives a penalty or fee related to Utility service for an Affiliate or an Affiliates customer, it shall waive such penalty or fee for similarly others on a non-discriminatory basis.

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9. The Utility shall not give preference to or discriminate in favor of its Affiliate or its Affiliate's customers in its provision of information. This includes, without limitation, information related to the sale or marketing of energy or energy services to existing or potential new customers and information related to the availability of transmission, distribution or storage capacity. Specific customer information shall be made available to affiliated or unaffiliated entities only upon consent of the customer or as otherwise provided by law or commission rules or orders, except that customer name and address information may be provided to energy marketers or energy service providers.
10. The Utility may share information technology and communications services with other companies/affiliates within the Vectren organization. However, such sharing of information technology and communications services shall not be done in a manner that violates Specific Guideline 9 above regarding the non-discriminatory provision of information. The Utility shall take whatever steps are necessary to fulfill this requirement such as, for example, the implementation of electronic "firewalls" or other measures to control access to Utility information.
11. The Utility shall not speak on behalf of its Affiliates or give the appearance that it speaks on behalf of its Affiliates. The Utility Affiliates shall not speak on behalf of the Utility or give the appearance that they speak on behalf of the Utility.
12. Customer call handling shall be performed on a non-discriminatory basis without respect to affiliations of the customer or affiliations of the customer's marketer or energy service provider. If a customer requests information about alternative sources of supply, the customer service representatives shall offer to provide a list of all alternative suppliers known to be serving customers in the same rate class as the customer making the inquiry, except those suppliers excluded by mutual agreement of the Utility and the OUCC. Such a list may include Utility Affiliates, but the Utility customer service representatives shall not promote or endorse services offered by an affiliate. To ensure compliance with Specific Guidelines 9, 10, 11 and 12, the guidelines for handling of customer calls and information have been set out in writing and attached as Appendix A-1.
13. The Utility's Affiliates shall not trade upon, promote, or suggest that they receive preferential treatment as a result of affiliation with the Utility.
14. The Utility and its Affiliates shall not participate in joint advertising. An Affiliate may, however, reference the fact of its affiliation with the holding company. Such public references shall not: (a) make the Affiliate appear to be part of the Utility, or (b) suggest that the Affiliate or the Affiliate's customers will have any advantage as a result of the affiliation.
15. If the charges for Utility services are combined with charges for non-regulated energy services into a single bill, such a combined bill format will be made available on a non-discriminatory basis to non-affiliated entities that provide energy services in the Utility's service territory.
16. The Utility and its Affiliates shall maintain separate books and records, which shall be available for Commission inspection consistent with Indiana law.

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17. The OUCC and its agents shall have access to officers and employees and access to the books and records of the Utility and its Affiliates as reasonably necessary to ensure compliance with these Affiliate Guidelines, the Cost Allocation Guidelines and Title 8 of the Indiana Code. If disputes arise between the OUCC and Utility regarding the reasonableness of the timing or scope of requested access to Affiliate and Utility books and records, if not resolved by the parties, then such disputes may be presented to the Commission through use of an alternative dispute resolution process as agreed upon by the OUCC and Utility. During this process, Utility shall bear the burden of demonstrating the unreasonableness of the OUCC's request. In seeking a resolution of access disputes, the parties agree that time is of the essence, and the intent of the parties is that the Commission's review of such disputes will be facilitated by the parties so that the review can be as expeditious as possible.
18. All complaints relating to these Affiliate Guidelines and the Cost Allocation Guidelines, whether written or verbal, shall be submitted to the general counsel of the Utility or the Utility's highest-ranking legal employee ("general counsel"). The general counsel shall acknowledge to complainant such complaint within five (5) working days of receipt. The general counsel shall conduct a preliminary investigation and prepare a written statement of the complaint which shall contain the name of the complainant and a detailed factual report of the incident or incidents, underlying the complaint, including all relevant dates, companies involved, employees involved and the specific claim. The general counsel shall communicate the results of the preliminary investigation to the complainant in writing within twenty (20) days after the complaint was received including a description of any course of action to be taken. In the event the Utility and the complainant are unable to resolve the complaint, the complainant may file a complaint with the Commission. Any complaint filed with the Commission before it was filed with the Utility under this section shall be held in abeyance while the procedures outlined here are followed. The general counsel shall keep a log of all complaints for a period of not less than three (3) years and shall keep such a log available for inspection by the IURC, OUCC and complainant.
19. All transactions between the Utility and its Affiliates shall be in accordance with a written contract filed with the IURC pursuant to I.C. 8-1-2-49. The Utility shall maintain sufficient records of all such transactions for at least three (3) years so as to allow for a complete and thorough audit.
20. The Utility shall meet with the OUCC to review all proposed Affiliate contracts. Upon filing of Affiliate contracts with the IURC, copies of such contracts will be delivered to the OUCC. Affiliate contracts shall be governed by Indiana law and these Affiliate Guidelines and the Cost Allocation Guidelines. To the extent the Guidelines contain provisions or commitments that go beyond what would otherwise be required under Indiana law, the Guidelines shall control. The OUCC reserves its rights to challenge such contracts at any time.

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AFFILIATE AND COST ALLOCATION GUIDELINES

PROCEDURES FOR FILING AFFILIATE CONTRACTS

All Affiliate contracts shall be filed with the IURC and be in conformance with these Guidelines, the Cost Allocation Guidelines and Indiana Law. Such contracts shall be available for public inspection, except to the extent that information is protected from public disclosure under Indiana law. These Affiliate Guidelines in no way affect the IURC's duties and/or authority under Indiana law to inter alia investigate such contracts, hold public hearings related to such contracts and/or disapprove such contracts. These Affiliate Guidelines also in no way affect the OUCC's right to inter alia initiate investigations of such contracts.

ANNUAL INFORMATIONAL FILING

The Utility shall file annually with the Commission and provide copies to the OUCC the following information concerning the Utility's Affiliates and its non-regulated activities.

1. The names and business addresses of the officers and directors of each Affiliate that has transacted any business with the Utility during the previous twelve (12) months. For each such Affiliate, the Utility shall also provide the following in its annual informational filing:
 - a. The Affiliate's name and a description of the Affiliate's primary line(s) of business and a description of the nature of the Affiliate's business with other non-affiliated entities.
 - b. A schedule detailing and summarizing the nature and the dollar amounts of the transfers of assets, goods and services between the Utility and the Affiliate that took place during the applicable twelve-month period.
2. A listing of all contracts currently in effect between the Utility and the Affiliate indicating the nature of the transactions, the date the contract became effective and the contract's expiration date.
3. A corporate organization chart, which shows the parent holding company, the Utility, its Affiliates, and their relationships to one another.
4. A description of the methods used to identify, value, and record transfers of assets, goods and services between the Utility and its Affiliates.
5. A description of the methods used to allocate federal and state income tax expense, payments and refunds to the Utility and its Affiliates.
6. A description of sharing of personnel between the Utility and its Affiliates during the twelve-month period.
7. A log of complaints maintained by the Utility under section 18 of Specific Affiliate Guidelines.
8. A listing and descriptions of all non-regulated activities engaged in by the Utility, including the amount of revenues and expenses generated by each such non-regulated activity.

These annual informational filings shall commence on the date thirty (30) days after the effective date of the Commission's approval of these Affiliate Guidelines, and shall repeat thereafter at the end of the Utility's fiscal year. These annual informational filings shall not serve or be interpreted as a pre-approval process.

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COST ALLOCATION GUIDELINES

The OUCC and Indiana Gas Company, Inc. ("Utility") (collectively "Parties") have negotiated in connection with Cause No. 41465 the following Cost Allocation Guidelines to govern the allocation of costs between the Utility and its Affiliates. The OUCC retains all of its rights and authority to dispute the reasonableness of and/or recovery of all Utility costs, including those to which these Cost Allocation Guidelines may be applicable. Mere allocation of costs under these guidelines does not predetermine the reasonableness of rate recovery of such costs. The Parties agree that these guidelines are intended to be enforced by the IURC, and they shall become effective upon their approval by the IURC. The OUCC and Utility may through negotiation and agreement, jointly petition the IURC for modifications to these Cost Allocation Guidelines, in which case they would have the burden of proving any proposed change is in the public interest considering all relevant factors, including, but not limited to, price of service and the impact on competition. If either the OUCC or Utility desires changes to these Cost Allocation Guidelines and is unable to obtain agreement from other party for such changes, then the party desiring changes may petition the IURC for the desired changes and bear the burden of proving that such changes are in the public interest. However, such petitions shall not be filed without first attempting to obtain the agreement of the other party. Subject to the following sentence, anyone else seeking a change to these Cost Allocation Guidelines may also petition the IURC and would bear the burden of proving that the proposed changes are in the public interest. However, any such petition shall not be filed without the Utility and the OUCC first being notified and given a reasonable opportunity to consider the proposed change. The Commission may also make modifications to these Cost Allocation Guidelines on its own motion, after notice and hearing.

These Cost Allocation Guidelines should be read in conjunction with the "Affiliate Guidelines" developed by the OUCC and Utility and also approved by the Commission in Cause No. 41465. Subject to Section H of the Settlement Agreement in Cause No. 41465, the Affiliate Guidelines and the Cost Allocation Guidelines govern all current and future affiliate relationships between the Utility and its Affiliates with the limited exception that the Commission may approve an Affiliate contract that differs from these Guidelines if the Utility files a petition requesting an exception from the Guidelines and satisfies its burden to demonstrate that such contract is in the public interest considering all relevant factors, including, but not limited to, price of service and the impact on competition.

The following Cost Allocation Guidelines govern the allocation of costs associated with "shared corporate support and administrative services" which have been defined in the Definition section of the Affiliate Guidelines and which may be shared with other companies/affiliates within the Vectren organization. By their nature, these costs are associated with functions and operations that are shared and not separate. The allocation methods should apply to those Utility Affiliates who share corporate support and administrative functions in order to prevent subsidization from the regulated Utility and ensure equitable cost sharing among the regulated Utility and its Affiliates. The pricing of "shared corporate support and administrative services" to the Utility shall be based on cost and be in accordance with these Cost Allocation Guidelines.

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Effective:

AFFILIATE AND COST ALLOCATION GUIDELINES

DEFINITIONS

See the definitions section of the Affiliate Guidelines for the definitions of terms used in the Affiliate Guidelines.

GUIDELINES

1. No Cross-Subsidies. The Utility shall not subsidize Affiliates or non-regulated activities.
2. The Utility shall maintain and utilize an accounting system and records that identify and appropriately allocate costs between the Utility and its Affiliates.
3. The Utility's costs for jurisdictional rate purposes shall reflect only those costs attributable to its jurisdictional customers.
4. The Utility and all Affiliates that share corporate support and administrative services shall maintain documentation including organizational charts, accounting bulletins, procedure and work order manuals or other related documents, which describe how costs are allocated between regulated and non-regulated services or products.
5. Affiliates shall be charged an appropriate and reasonable allocation of all shared corporate support and administrative costs incurred on their behalf. These costs include, but are not limited to, those associated with shared facilities and other corporate overheads.
6. To the maximum extent practicable, shared corporate support and administrative costs should be accumulated and classified on a direct cost basis for each asset, service or product provided.
7. The shared corporate support and administrative costs that cannot be directly assigned per item (6) above, should to the maximum extent possible be allocated to the Utility and its Affiliates and to the service or products to which they relate using relevant allocators which best reflect or consider the cost causative characteristics of the product/service being provided.
8. Where allocation/assignment pursuant to (6) and (7) is not practical, general allocation factors shall be utilized to allocate all remaining costs between the Utility and its Affiliates and between service and product lines ultimately provided by the Utility and its Affiliates.
9. The allocation of capital costs between the Utility and its Affiliates (incurred in the provision of "shared corporate support administrative" services) shall be based on the following:
 - a. The cost of capital used for such allocations shall equal the Utility's weighted average cost of capital as last found by the Commission.
 - b. Depreciation shall be charged on a straight-line basis. Depreciation rates used for

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AFFILIATE AND COST ALLOCATION GUIDELINES

such allocations shall be consistent with the accepted useful life of the asset(s) and in accordance with generally accepted accounting principles and regulatory accounting requirements, as applicable.

10. The Utility and its Affiliates shall maintain separate books and records, which shall be available for Commission inspection consistent with Indiana law.
11. The OUCC and its agents shall have access to officers and employees and access to the books and records of the Utility and its Affiliates as is reasonably necessary to ensure compliance with the Affiliate Guidelines, the Cost Allocation Guidelines and Title 8 of the Indiana Code. If disputes arise regarding the reasonableness of the timing or scope of requested access to Affiliate and Utility books and records, if not resolved by the parties, then such disputes may be presented to the Commission through use of an alternative dispute resolution process as agreed upon by the OUCC and Utility. During this process, Utility shall bear the burden of demonstrating the unreasonableness of the OUCC's request. In seeking a resolution of access disputes, the parties agree that time is of the essence, and the intent of the parties is that the Commission's review of such disputes will be facilitated by the parties so that the review can be as expeditious as possible.
12. The cost assignment/allocation methodologies discussed herein are applicable to shared corporate support and administrative services. The Utility's procurement of all other goods, services, assets, and other resources shall be on competitive terms, consistent with the public interest and in compliance with the Affiliate Guidelines and the Cost Allocation Guidelines.

AUDIT REQUIREMENTS

Each year an independent auditor appointed by the OUCC shall do an audit. OUCC staff members may assist the auditor. The purpose of the audit shall be to ensure that the Utility complies with these Cost Allocation Guidelines. Any violations of the Cost Allocation Guidelines shall be noted and explained in the auditor's report, a copy of which shall be provided to the Utility, the Commission and the OUCC. Vectren shall annually contribute up to \$50,000 toward the auditor's costs/fees.

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Customer Call Handling Process

Outline of Customer Call Handling Guidelines and infrastructure

In order to provide for the operation of an efficient, high quality call center operation that handles customer calls and information in a manner consistent with the terms of the Affiliate and Cost Allocation Guidelines, this outline has been developed. The intent is to describe the guidelines for customer call handling and the requirements for separation between the staff handling calls about regulated services and staff handling calls about non-regulated services. The key components include:

- **Staffing** A separate non-regulated service call handling staff including a separate exempt supervisory leader is required.
- **Separation** Personnel devoted to handling calls related to regulated utility service will be physically separated from personnel handling non-regulated service calls through, at a minimum, the use of high height partitions and panels.
- **Data** A data firewall will be created to require customer permission before non-utility related staff can access utility customer records. Acquisition of utility customer usage and billing history data will be with customer permission and consistent with Specific Affiliate Guidelines 9 and 10.
- **Costs** Call center costs will be allocated per the Cost Allocation Guidelines. Any charges made to providers of non-regulated services will be reasonable and non-discriminatory.
- **Process** Attached are summary call handling flowcharts and a script which have been developed to more specifically describe the process to be used in the event that the utility offers an energy choice program to its residential and small commercial customers in the future.
- **Monitoring** The IURC and OUCC will be able to monitor compliance with the Guidelines through the provisions of access to customer calls. The IURC and OUCC (or their agents) will also be able to make on site visits and inspections of call center facilities.

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AFFILIATE AND COST ALLOCATION GUIDELINES

Call Handling Script -- For Inquiries Regarding Non-Regulated Energy Services

Mr./Ms. Customer,

I am very sorry, but I can't directly handle this for you, but I can get you in touch with somebody who can.

I can give you a telephone number from which you can get more information about the providers of these services, including our affiliate _____. This telephone number is: *(give telephone number)*. If you have access to the web you can get this information on the web site. The web site address is: *(give web address)*.

[If you prefer, I can transfer your call now to one of these service providers. *(see note)*

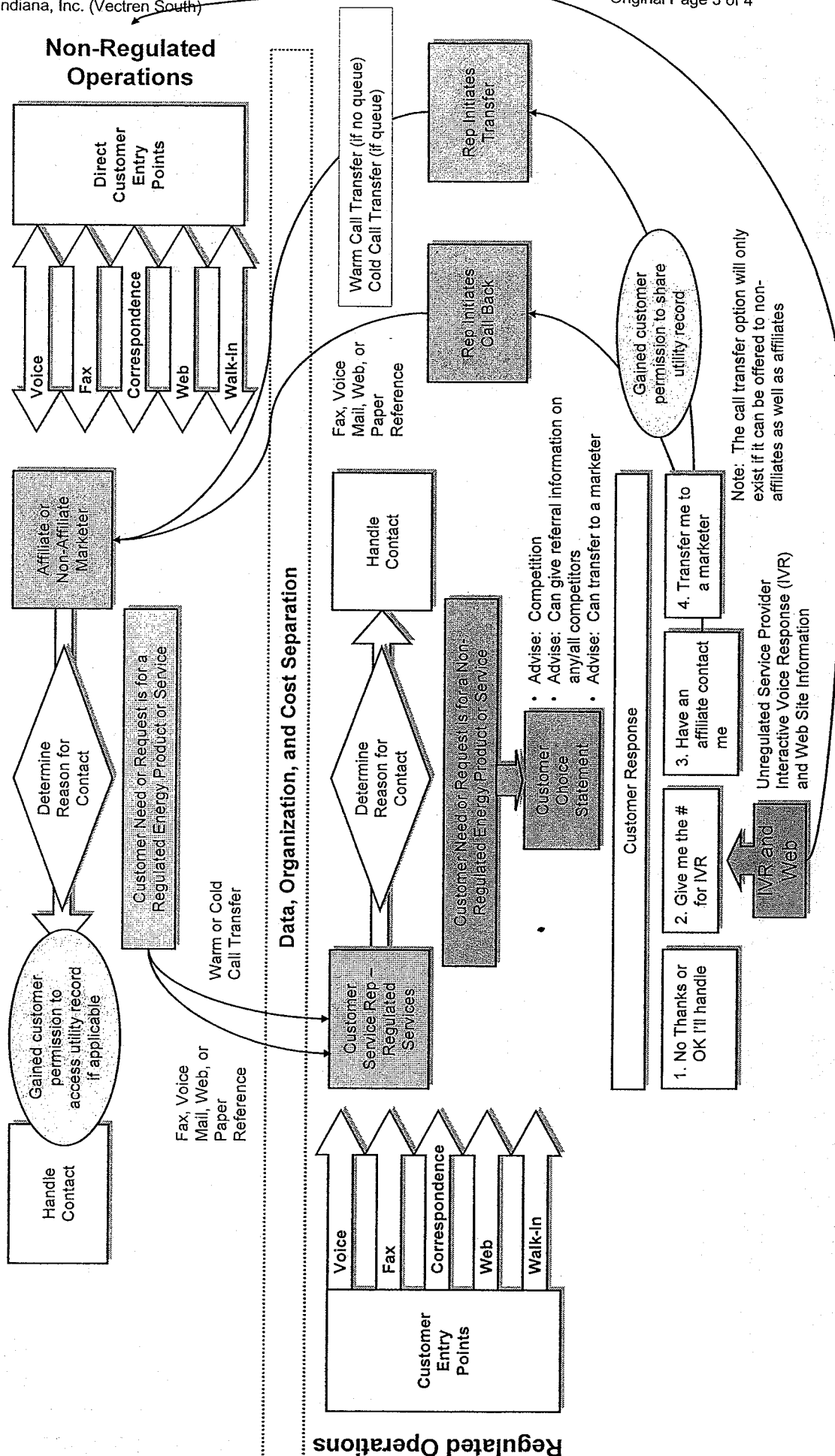
By the way, the providers may want to review your customer records. Do we have your consent to release this information at their request?

Note: The paragraph references call transfers and will only be part of the script if Vectren can offer the call transferring.

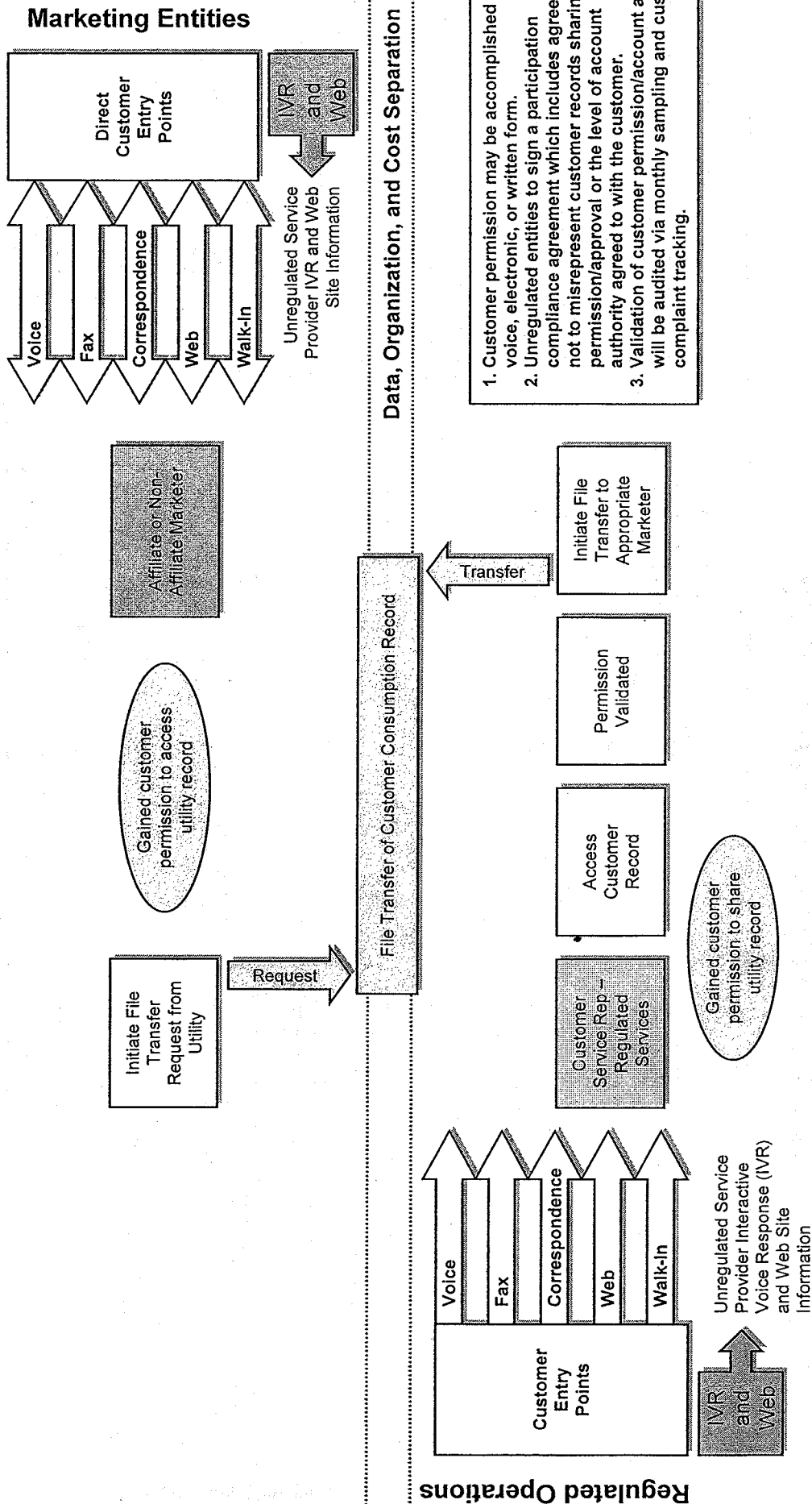
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Call Handling Process Summary



Customer Permission and Information Transfer Summary



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**VECTREN ENERGY DELIVERY OF INDIANA - SOUTH (GAS)
COMPARISON OF MARGINS AT PRESENT RATES AND SETTLEMENT RATES**

DESCRIPTION (1)	PRESENT RATES				SETTLEMENT RATES							Bill Impact Margin Increase (%)
	Adjusted Number of Bills (2)	Adjusted Billing Quantities (therms) (3)	Effective Present Margin Rates (\$/therm) (4)	Margin at Present Rates (\$) (5)	Proposed Tariff Rates (\$/therm) (6)	PSA w/UR (\$/therm) (7)	Tariff Rates plus PSA (\$/therm) (8)	Tariff Rates plus PSA (\$) (9)	Tariff Rates plus PSA less Present Rates (10)	Gas-Related Bad Debts, & UAFG w/UR (11)	Bill Impact Margin Rates (\$/therm) (12)	(13) (10) + (11) / (6)
RATE 110 - RESIDENTIAL SALES SERVICE												
Customer Facilities Charge			\$10.75	\$12,993,396	\$11.00	\$0.00	\$11.00	\$13,295,568	\$302,172	\$0.00	\$11.00	
First 50 Therms	1,208,688	38,794,245	\$0.1434	\$5,561,474	\$0.1841	\$0.0033	\$0.1873	\$7,266,827	\$1,705,353	\$0.0184	\$0.2058	
Over 50 Therms		36,141,699	\$0.1081	\$3,905,408	\$0.1488	\$0.0033	\$0.1520	\$5,494,158	\$1,588,750	\$0.0184	\$0.1705	
Total	1,208,688	74,935,944		\$22,460,278			\$26,056,564		\$3,596,276	\$1,381,899		22.2%
RATE 120/125/145 - GENERAL SALES AND TRANSPORTATION SERVICE												
Customer Facilities Charge - Group 1	86,954		\$20.00	\$1,739,080	\$22.00	\$0.00	\$22.00	\$1,912,988	\$173,908	\$0.00	\$22.00	
Customer Facilities Charge - Group 2	29,795		\$34.00	\$1,013,030	\$44.00	\$0.00	\$44.00	\$1,310,980	\$297,950	\$0.00	\$44.00	
Customer Facilities Charge - Group 3	7,169		\$70.00	\$501,830	\$88.00	\$0.00	\$88.00	\$630,872	\$129,042	\$0.00	\$88.00	
Transportation Service Charge	418		\$75.00	\$31,350	\$0.00	\$0.00	\$0.00	\$0	(\$31,350)	\$0.00	\$0.00	
First 500 Therms (Rate 120/125)		12,978,113	\$0.1089	\$1,413,691	\$0.1190	\$0.0016	\$0.1206	\$1,565,796	\$152,105	\$0.0184	\$0.1391	
Over 500 Therms (Rate 120/125)		27,614,096	\$0.0631	\$2,295,528	\$0.0876	\$0.0016	\$0.0892	\$2,462,673	\$167,145	\$0.0184	\$0.1076	
First 500 Therms (Rate 145)		186,468	\$0.1089	\$20,312	\$0.1190	\$0.0016	\$0.1206	\$22,497	\$2,185	\$0.0000	\$0.1206	
Over 500 Therms (Rate 145)		6,684,357	\$0.0831	\$555,663	\$0.0876	\$0.0016	\$0.0892	\$596,122	\$40,459	\$0.0000	\$0.0892	
Total	123,918	47,463,034		\$7,570,484			\$8,501,928		\$931,444	\$748,564		22.2%
RATE 160 - LARGE VOLUME TRANSPORTATION SERVICE												
Customer Facilities Charge	432		\$200.00	\$86,400	\$400.00	\$0.00	\$400.00	\$172,800	\$86,400	\$0.00	\$400.00	
First 50,000 Therms		17,968,180	\$0.0522	\$937,129	\$0.0653	\$0.0007	\$0.0660	\$1,185,090	\$247,961	\$0.0000	\$0.0660	
Next 200,000 Therms		23,188,010	\$0.0480	\$1,111,979	\$0.0560	\$0.0007	\$0.0567	\$1,313,715	\$201,736	\$0.0000	\$0.0567	
Over 250,000 Therms		9,177,440	\$0.0448	\$410,736	\$0.0469	\$0.0007	\$0.0476	\$436,432	\$25,696	\$0.0000	\$0.0476	
Total	432	50,333,630		\$2,546,244			\$3,108,037		\$561,793	\$0		22.1%
RATE 170 - CONTRACT TRANSPORTATION SERVICE												
Customer Facilities Charge	36		\$350.00	\$12,600	\$700.00	\$0.00	\$700.00	\$25,200	\$12,600	\$0.00	\$700.00	
First 1,750,000 Therms		53,916,590	\$0.0135	\$728,380	\$0.0163	\$0.0001	\$0.0164	\$884,738	\$156,358	\$0.0000	\$0.0164	
Next 1,750,000 Therms		24,602,890	\$0.0074	\$182,292	\$0.0087	\$0.0001	\$0.0088	\$216,736	\$34,444	\$0.0000	\$0.0088	
Over 3,500,000 Therms		553,654	\$0.0044	\$2,450	\$0.0036	\$0.0001	\$0.0037	\$2,061	(\$389)	\$0.0000	\$0.0037	
Total	36	79,075,134		\$925,722			\$1,128,736		\$203,014	\$0		21.9%
TOTAL												
	2,666,566	251,807,742		\$33,502,728	\$38,432,171	\$363,084	\$38,795,255	\$5,292,527		2,130,463		22.2%
MISCELLANEOUS REVENUES ROUNDING												
	0	0		2,031,548			2,073,934	\$42,385		\$0		
TOTAL	2,666,566	251,807,742		\$35,534,281			\$40,869,188	\$5,334,907		\$2,130,463		21.0%

VECTREN ENERGY DELIVERY OF INDIANA - SOUTH (GAS)

IURC CAUSE NO. 43112

TYPICAL BILL COMPARISON

RATE 110 - RESIDENTIAL SALES SERVICE

LINE NO.	LEVEL OF USAGE (A)	BILL DATA			
		CURRENT BILL	SETTLEMENT BILL	DOLLAR INCREASE	PERCENT INCREASE
				(C - B)	(D / B)
		(B)	(C)	(D)	(E)
	(therms)	(\$)	(\$)	(\$)	(%)
1	0	\$10.75	\$11.00	\$0.25	2.3%
2	10	\$22.56	\$23.39	\$0.83	3.7%
3	20	\$34.38	\$35.78	\$1.40	4.1%
4	30	\$46.19	\$48.17	\$1.98	4.3%
5	40	\$58.00	\$60.56	\$2.56	4.4%
6	50	\$69.82	\$72.95	\$3.14	4.5%
7	60	\$81.28	\$84.99	\$3.71	4.6%
8	70	\$92.74	\$97.03	\$4.29	4.6%
9	80	\$104.20	\$109.06	\$4.87	4.7%
10	90	\$115.66	\$121.10	\$5.44	4.7%
11	100	\$127.12	\$133.14	\$6.02	4.7%
12	125	\$155.77	\$163.23	\$7.46	4.8%
13	150	\$184.42	\$193.32	\$8.91	4.8%
14	175	\$213.07	\$223.42	\$10.35	4.9%
15	200	\$241.72	\$253.51	\$11.79	4.9%
16	225	\$270.37	\$283.60	\$13.23	4.9%
17	250	\$299.02	\$313.70	\$14.68	4.9%
18	275	\$327.67	\$343.79	\$16.12	4.9%
19	300	\$356.32	\$373.88	\$17.56	4.9%

VECTREN ENERGY DELIVERY OF INDIANA - SOUTH (GAS)
IURC CAUSE NO. 43112
TYPICAL BILL COMPARISON
RATE 120/125 - GENERAL SALES/SCHOOL TRANSPORTATION
GROUP 1

LINE NO.	LEVEL OF USAGE (A)	BILL DATA			
		CURRENT BILL	SETTLEMENT BILL	DOLLAR INCREASE (C - B)	PERCENT INCREASE (D / B)
		(B)	(C)	(D)	(E)
		(\$)	(\$)	(\$)	(%)
1	0	\$20.00	\$22.00	\$2.00	10.0%
2	10	\$31.31	\$33.70	\$2.39	7.6%
3	20	\$42.63	\$45.40	\$2.78	6.5%
4	30	\$53.94	\$57.11	\$3.16	5.9%
5	40	\$65.26	\$68.81	\$3.55	5.4%
6	50	\$76.57	\$80.51	\$3.94	5.1%
7	100	\$133.14	\$139.02	\$5.88	4.4%
8	150	\$189.71	\$197.54	\$7.82	4.1%
9	200	\$246.29	\$256.05	\$9.76	4.0%
10	250	\$302.86	\$314.56	\$11.70	3.9%
11	300	\$359.43	\$373.07	\$13.65	3.8%
12	350	\$416.00	\$431.59	\$15.59	3.7%
13	400	\$472.57	\$490.10	\$17.53	3.7%
14	450	\$529.14	\$548.61	\$19.47	3.7%
15	500	\$585.71	\$607.12	\$21.41	3.7%

VECTREN ENERGY DELIVERY OF INDIANA - SOUTH (GAS)
IURC CAUSE NO. 43112
TYPICAL BILL COMPARISON
RATE 120/125 - GENERAL SALES/SCHOOL TRANSPORTATION
GROUP 2

LINE NO.	LEVEL OF USAGE (A)	BILL DATA			
		CURRENT BILL	SETTLEMENT BILL	DOLLAR INCREASE (C - B)	PERCENT INCREASE (D / B)
		(B)	(C)	(D)	(E)
	(therms)	(\$)	(\$)	(\$)	(%)
1	0	\$34.00	\$44.00	\$10.00	29.4%
2	100	\$147.14	\$161.02	\$13.88	9.4%
3	200	\$260.29	\$278.05	\$17.76	6.8%
4	300	\$373.43	\$395.07	\$21.65	5.8%
5	400	\$486.57	\$512.10	\$25.53	5.2%
6	500	\$599.71	\$629.12	\$29.41	4.9%
7	600	\$710.28	\$743.00	\$32.72	4.6%
8	700	\$820.84	\$856.88	\$36.04	4.4%
9	800	\$931.40	\$970.76	\$39.35	4.2%
10	900	\$1,041.97	\$1,084.64	\$42.67	4.1%
11	1,000	\$1,152.53	\$1,198.51	\$45.99	4.0%
12	1,500	\$1,705.34	\$1,767.90	\$62.56	3.7%
13	2,000	\$2,258.16	\$2,337.29	\$79.14	3.5%
14	2,500	\$2,810.97	\$2,906.68	\$95.71	3.4%
15	3,000	\$3,363.79	\$3,476.07	\$112.29	3.3%

VECTREN ENERGY DELIVERY OF INDIANA - SOUTH (GAS)
IURC CAUSE NO. 43112
TYPICAL BILL COMPARISON
RATE 120/125 - GENERAL SALES/SCHOOL TRANSPORTATION
GROUP 3

LINE NO.	LEVEL OF USAGE (A)	BILL DATA			
		CURRENT BILL	SETTLEMENT BILL	DOLLAR INCREASE (C - B)	PERCENT INCREASE (D / B)
		(B)	(C)	(D)	(E)
		(\$)	(\$)	(\$)	(%)
1	0	\$70.00	\$88.00	\$18.00	25.7%
2	500	\$635.71	\$673.12	\$37.41	5.9%
3	1,000	\$1,188.53	\$1,242.51	\$53.99	4.5%
4	1,500	\$1,741.34	\$1,811.90	\$70.56	4.1%
5	2,000	\$2,294.16	\$2,381.29	\$87.14	3.8%
6	2,500	\$2,846.97	\$2,950.68	\$103.71	3.6%
7	3,000	\$3,399.79	\$3,520.07	\$120.29	3.5%
8	3,500	\$3,952.60	\$4,089.46	\$136.86	3.5%
9	4,000	\$4,505.42	\$4,658.85	\$153.44	3.4%
10	4,500	\$5,058.23	\$5,228.24	\$170.02	3.4%
11	5,000	\$5,611.04	\$5,797.64	\$186.59	3.3%
12	6,000	\$6,716.67	\$6,936.42	\$219.74	3.3%
13	7,000	\$7,822.30	\$8,075.20	\$252.89	3.2%
14	8,000	\$8,927.93	\$9,213.98	\$286.05	3.2%
15	9,000	\$10,033.56	\$10,352.76	\$319.20	3.2%
16	10,000	\$11,139.19	\$11,491.54	\$352.35	3.2%
17	15,000	\$16,667.33	\$17,185.44	\$518.11	3.1%
18	20,000	\$22,195.48	\$22,879.34	\$683.86	3.1%

VECTREN ENERGY DELIVERY OF INDIANA - SOUTH (GAS)
IURC CAUSE NO. 43112
TYPICAL BILL COMPARISON
RATE 145 - GENERAL TRANSPORTATION SERVICE
GROUP 2
CURRENT RATES: RATE 120 GAS TRANSPORTATION SERVICE

LINE NO.	LEVEL OF USAGE (A)	BILL DATA			
		CURRENT BILL (B)	SETTLEMENT BILL (C)	DOLLAR INCREASE (C - B) (D)	PERCENT INCREASE (D / B) (E)
		(therms) (\$)	(\$)	(\$)	(%)
1	0	\$109.00	\$44.00	(\$65.00)	-59.6%
2	100	\$119.96	\$56.13	(\$63.83)	-53.2%
3	200	\$130.91	\$68.26	(\$62.66)	-47.9%
4	300	\$141.87	\$80.39	(\$61.48)	-43.3%
5	400	\$152.83	\$92.51	(\$60.31)	-39.5%
6	500	\$163.78	\$104.64	(\$59.14)	-36.1%
7	600	\$172.16	\$113.62	(\$58.53)	-34.0%
8	700	\$180.54	\$122.61	(\$57.93)	-32.1%
9	800	\$188.91	\$131.59	(\$57.32)	-30.3%
10	900	\$197.29	\$140.57	(\$56.72)	-28.7%
11	1,000	\$205.67	\$149.55	(\$56.11)	-27.3%
12	1,500	\$247.55	\$194.46	(\$53.09)	-21.4%
13	2,000	\$289.43	\$239.37	(\$50.06)	-17.3%
14	2,500	\$331.31	\$284.28	(\$47.03)	-14.2%
15	3,000	\$373.20	\$329.19	(\$44.01)	-11.8%

VECTREN ENERGY DELIVERY OF INDIANA - SOUTH (GAS)
IURC CAUSE NO. 43112
TYPICAL BILL COMPARISON
RATE 145 - GENERAL TRANSPORTATION SERVICE
GROUP 3
CURRENT RATES: RATE 120 GAS TRANSPORTATION SERVICE

LINE NO.	LEVEL OF USAGE (A)	BILL DATA			
		CURRENT	SETTLEMENT	DOLLAR	PERCENT
		BILL	BILL	INCREASE	INCREASE
				(C - B)	(D / B)
	(therms)	(\$)	(\$)	(\$)	(%)
1	0	\$145.00	\$88.00	(\$57.00)	-39.3%
2	500	\$199.78	\$148.64	(\$51.14)	-25.6%
3	1,000	\$241.67	\$193.55	(\$48.11)	-19.9%
4	1,500	\$283.55	\$238.46	(\$45.09)	-15.9%
5	2,000	\$325.43	\$283.37	(\$42.06)	-12.9%
6	2,500	\$367.31	\$328.28	(\$39.03)	-10.6%
7	3,000	\$409.20	\$373.19	(\$36.01)	-8.8%
8	3,500	\$451.08	\$418.10	(\$32.98)	-7.3%
9	4,000	\$492.96	\$463.01	(\$29.95)	-6.1%
10	4,500	\$534.85	\$507.92	(\$26.93)	-5.0%
11	5,000	\$576.73	\$552.83	(\$23.90)	-4.1%
12	6,000	\$660.49	\$642.65	(\$17.85)	-2.7%
13	7,000	\$744.26	\$732.46	(\$11.80)	-1.6%
14	8,000	\$828.03	\$822.28	(\$5.74)	-0.7%
15	9,000	\$911.79	\$912.10	\$0.31	0.0%
16	10,000	\$995.56	\$1,001.92	\$6.36	0.6%
17	15,000	\$1,414.39	\$1,451.01	\$36.63	2.6%
18	20,000	\$1,833.21	\$1,900.10	\$66.89	3.6%

VECTREN ENERGY DELIVERY OF INDIANA - SOUTH (GAS)
IURC CAUSE NO. 43112
TYPICAL BILL COMPARISON
RATE 160 - LARGE VOLUME TRANSPORTATION SERVICE

LINE NO.	LEVEL OF USAGE (A)	BILL DATA			
		CURRENT BILL	SETTLEMENT BILL	DOLLAR INCREASE (C - B)	PERCENT INCREASE (D / B)
		(B)	(C)	(D)	(E)
		(\$)	(\$)	(\$)	(%)
1	0	\$200.00	\$400.00	\$200.00	100.0%
2	35,000	\$2,049.64	\$2,732.64	\$683.00	33.3%
3	40,000	\$2,313.87	\$3,065.87	\$752.00	32.5%
4	45,000	\$2,578.11	\$3,399.11	\$821.00	31.8%
5	50,000	\$2,842.34	\$3,732.34	\$890.00	31.3%
6	100,000	\$5,274.68	\$6,599.68	\$1,325.00	25.1%
7	150,000	\$7,707.02	\$9,467.02	\$1,760.00	22.8%
8	200,000	\$10,139.36	\$12,334.36	\$2,195.00	21.6%
9	250,000	\$12,571.70	\$15,201.70	\$2,630.00	20.9%
10	300,000	\$14,844.04	\$17,614.04	\$2,770.00	18.7%
11	350,000	\$17,116.38	\$20,026.38	\$2,910.00	17.0%
12	400,000	\$19,388.72	\$22,438.72	\$3,050.00	15.7%
13	450,000	\$21,661.05	\$24,851.05	\$3,190.00	14.7%
14	500,000	\$23,933.39	\$27,263.39	\$3,330.00	13.9%

VECTREN ENERGY DELIVERY OF INDIANA - SOUTH (GAS)
IURC CAUSE NO. 43112
TYPICAL BILL COMPARISON
RATE 170 - CONTRACT TRANSPORTATION SERVICE

LINE NO.	LEVEL OF USAGE (A)	BILL DATA			
		CURRENT BILL (B)	SETTLEMENT BILL (C)	DOLLAR INCREASE (C - B) (D)	PERCENT INCREASE (D / B) (E)
		(therms)	(\$)	(\$)	(%)
1	0	\$350.00	\$700.00	\$350.00	100.0%
2	100,000	\$1,750.15	\$2,390.15	\$640.00	36.6%
3	200,000	\$3,150.30	\$4,080.30	\$930.00	29.5%
4	300,000	\$4,550.45	\$5,770.45	\$1,220.00	26.8%
5	400,000	\$5,950.60	\$7,460.60	\$1,510.00	25.4%
6	500,000	\$7,350.75	\$9,150.75	\$1,800.00	24.5%
7	600,000	\$8,750.90	\$10,840.90	\$2,090.00	23.9%
8	700,000	\$10,151.05	\$12,531.05	\$2,380.00	23.4%
9	800,000	\$11,551.19	\$14,221.19	\$2,670.00	23.1%
10	900,000	\$12,951.34	\$15,911.34	\$2,960.00	22.9%
11	1,000,000	\$14,351.49	\$17,601.49	\$3,250.00	22.6%
12	2,000,000	\$26,827.99	\$32,602.99	\$5,775.00	21.5%
13	3,000,000	\$34,729.48	\$41,904.48	\$7,175.00	20.7%
14	4,000,000	\$41,130.97	\$48,655.97	\$7,525.00	18.3%
15	5,000,000	\$46,032.47	\$52,857.47	\$6,825.00	14.8%
16	6,000,000	\$50,933.96	\$57,058.96	\$6,125.00	12.0%

VECTREN ENERGY DELIVERY OF INDIANA - SOUTH (GAS)

IURC CAUSE NO. 43112

TYPICAL BILL COMPARISON

RATE 110 - RESIDENTIAL SALES SERVICE

<u>Month</u>	<u>Usage (therms)</u>	<u>Present Rate</u>	<u>SETTLEMENT Rate</u>	<u>Increase</u>	
				<u>Amount</u>	<u>Percent</u>
January	128.9	\$160.23	\$167.92	\$7.69	4.8%
February	112.0	\$140.87	\$147.59	\$6.71	4.8%
March	91.2	\$117.08	\$122.59	\$5.52	4.7%
April	57.5	\$78.46	\$82.03	\$3.57	4.6%
May	28.2	\$44.11	\$45.99	\$1.88	4.3%
June	13.0	\$26.06	\$27.06	\$1.00	3.8%
July	11.0	\$23.74	\$24.63	\$0.88	3.7%
August	11.0	\$23.74	\$24.63	\$0.88	3.7%
September	17.0	\$30.79	\$32.02	\$1.23	4.0%
October	80.8	\$105.10	\$110.01	\$4.91	4.7%
November	74.2	\$97.56	\$102.10	\$4.53	4.6%
December	116.0	<u>\$145.47</u>	<u>\$152.42</u>	<u>\$6.95</u>	<u>4.8%</u>
Total		\$993.22	\$1,038.97	\$45.76	4.6%

VECTREN SOUTH
SALES RECONCILIATION COMPONENT
CAUSE NO. 43112 RESIDENTIAL MONTHLY MARGIN - RATE 110

MDTH	Baseload		Heat Sensitive		Total		# Customers
	First	Second	First	Second	First	Second	
VOLUMES:	11.0	0.0					
1 January	112	0	112	837	1,197	837	1,309
2 February	112	0	112	672	1,027	672	1,138
3 March	111	0	111	488	813	488	1,016
4 April	111	0	111	244	469	244	580
5 May	110	0	110	73	173	73	283
6 June	110	0	110	12	20	8	130
7 July	110	0	110	0	0	0	110
8 August	110	0	110	0	0	0	110
9 September	110	0	110	25	60	25	170
10 October	111	0	111	164	702	164	812
11 November	111	0	111	389	639	389	750
12 December	112	0	112	716	1,066	716	1,178
13 Annual	1,330	0	1,330	2,550	6,164	3,879	100,724 (1)
14							
15							

15 Tariff Rates \$0.1841 \$0.1488 \$11.00

MARGIN:	Baseload		Heat Sensitive		Total		Margin Per Customer
	First	Second	First	Second	First	Second	
16 January	\$206	\$0	\$663	\$1,246	\$1,908	\$1,117	\$31.81
17 February	206	0	553	999	1,652	1,118	29.28
18 March	205	0	598	726	1,324	1,115	26.09
19 April	204	0	414	363	777	1,108	20.74
20 May	203	0	184	108	292	1,103	15.94
21 June	203	0	22	11	33	1,101	13.36
22 July	202	0	0	0	0	1,100	13.02
23 August	203	0	0	0	0	1,100	13.02
24 September	203	0	64	37	101	1,100	14.04
25 October	204	0	990	243	1,233	1,106	25.30
26 November	205	0	460	578	1,038	1,111	23.30
27 December	206	0	644	1,065	1,709	1,117	29.86
28 Annual	\$2,447	\$0	\$4,693	\$5,376	\$10,070	\$13,296	
							\$25,812

(1) annual volumes and customers (bills divided by 12) are found on SEA-5S, Schedule 1

VECTREN SOUTH
SALES RECONCILIATION COMPONENT
CAUSE NO. 43112 GENERAL SERVICE MONTHLY MARGIN - RATE 120/125

MDTH	BaseLoad		Heat Sensitive		Total		# Customers
	First	Second	First	Second	First	Second	
VOLUMES:	49.0	48.0					
1 January	51	50	140	502	191	552	10,316
2 February	51	49	130	403	181	452	10,311
3 March	50	49	80	293	130	342	10,286
4 April	50	49	60	146	110	195	10,218
5 May	50	49	30	44	80	93	10,175
6 June	50	49	5	5	55	53	10,144
7 July	50	49	0	0	50	49	10,211
8 August	50	49	0	0	50	49	10,283
9 September	51	50	10	15	61	64	10,318
10 October	51	50	18	98	116	148	10,343
11 November	51	50	90	233	141	283	10,418
12 December	51	50	130	430	181	480	10,477
13 Annual	605	593	693	2,169	1,298	2,761	10,292 (1)
14							
15							
Tariff Rates	\$0.1190	\$0.0876					

MARGIN:	BaseLoad		Heat Sensitive		Total		Margin Per Customer
	First	Second	First	Second	First	Second	
in thousands							
16 January	\$60	\$43	\$167	\$440	\$710	\$319	\$99.75
17 February	60	43	155	353	611	319	90.17
18 March	60	43	95	256	455	318	75.14
19 April	60	43	71	128	302	316	60.47
20 May	59	43	36	38	176	315	48.22
21 June	59	43	6	4	112	314	41.93
22 July	60	43	0	0	102	316	40.95
23 August	60	43	0	0	103	318	40.95
24 September	60	43	12	13	128	319	43.36
25 October	60	43	21	86	211	320	51.30
26 November	61	44	107	204	416	322	70.83
27 December	61	44	155	376	636	324	91.62
28 Annual	\$720	\$519	\$824	\$1,899	\$3,962	\$3,818	

(1) annual volumes and customers (bills divided by 12) are found on SEA-5S, Schedule 1 (2) composite average Facilities Charge of Group 1, 2 & 3 customers

CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing Supplemental Direct Testimony and Exhibits in Support of Stipulation and Settlement Agreement was served by depositing copies thereof in the United States mail, first class postage prepaid, addressed to:

OFFICE OF THE UTILITY CONSUMER COUNSELOR
100 North Senate Avenue
Room N501
Indiana Government Center North
Indianapolis, Indiana 46204

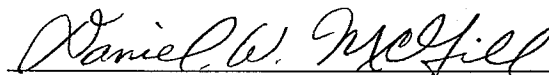
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this 16th day of March, 2007.



Daniel W. McGill

